*... unites Ontario's municipalities*

## Report Series 1990

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# 90-6 Roles and Responsibilities

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AMO's Response to

## *The Report of the Provincial-Municipal Social Services Review*

Association of Municipalities of Ontario

December 1990

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# MISSION STATEMENT

AMO unites Ontario's municipalities.

We take pride in promoting, supporting and enhancing strong and effective municipal government.

We provide strategic leadership by:

- developing and effectively promoting responsive quality policy;
- informing and educating governments, the media and the public;
- marketing innovative and beneficial services.

Our elected representatives, municipal officials and association staff form a team which values and respects:

- diversity and local autonomy;
- fairness and equity;
- consultation;
- consensus;
- co-operation.

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# EXECUTIVE SUMMARY

## *Introduction*

A joint committee composed of representatives from the Ministry of Community and Social Services (MCSS), the Association of Municipalities of Ontario (AMO), and the Ontario Municipal Social Services Association (OMSSA) undertook a comprehensive review of the management on Ontario's social services system. The *Report of the Provincial-Municipal Social Services Review* is the result of that committee's work which proposes a more rational framework for provincial-municipal roles and responsibilities in the management, funding, delivery and planning of social services.

The PMSSR process basically represents a partnership approach between municipalities and the province. AMO has appreciated the opportunity for early involvement in this review, and is committed to continued cooperation towards improving Ontario's social service system. Despite this positive and successful partnership approach, municipalities were very disappointed when the previous government released its policy paper for long-term care reform, *Strategies for Change* without any consultation with the municipal sector, and with many proposals which contradict the principles and recommendations set out in the *Report of the PMSSR*.

However, AMO believes that there is an opportunity with the new government to re-establish this partnership approach and that this requires immediate consultation and agreement on a process and commitment to move towards implementing reform of the management framework for the social services system.

This response to the *Report of the PMSSR* therefore proposes a process to achieve this and to work with the new government towards providing a high quality, efficient, accessible, and accountable system of social services for Ontario.

Municipalities believe that a better system of services which is publicly accountable can be achieved through a disentanglement of roles and responsibilities. This means that municipalities want to contribute financially only to those programs and services which are appropriately managed and funded at the local level so that they will be accountable only for services over which they have substantial control.

Fundamentally, AMO's goal in a review of provincial-municipal roles and responsibilities is to link decision-making authority with financial responsibility. Ultimately, this means that the level of government which has responsibility for legislation and policy development for a service should then also have responsibility for management and funding with municipal involvement and delivery being optional. In AMO's review of the *Report of the PMSSR* the Association has used this goal as a principle against which to evaluate the proposed PMSSR framework of responsibilities. The Association believes that it's recommendations represent a step towards achieving this ultimate goal.

AMO's position is that a process needs to be established for bringing all of the concurrent reviews of provincial-municipal responsibilities together and that reform of the social services system must be looked at in the broader context of the overall provincial-municipal financial relationship. This means that a fundamental restructuring of the provincial-municipal relationship is required and that a piece-meal approach to responsibilities is inappropriate.

Finally, AMO has, in policy papers and presentations to the provinicial government in recent years, clearly established the fact that, in general, the municipal sector has a limited capacity to fund social service programs and in particular open-ended, needs-based programs such as General Welfare Assistance. The limited capacity is a direct result of the fact that the property tax system, with its inherent limitations and inability to reflect true "ability to pay", is an inappropriate source of revenue to fund open-ended, income redistributive programs which are fundamental to our social services system.

The current situation is a case in point. Over the past year welfare caseloads and expenditures have increased dramatically across the province. These increases are not related to municipal ability to pay and consequently have placed an increasing strain on municipal budgets and forced many municipalities to reduce expenditures on and involvement in discretionary community-based social service programs needed by their constituents. AMO believes that this situation cannot continue and steps must be taken as soon as possible to provide some relief to municipalities for the current financial demands of rising social assistance costs.

### *Background Discussion*

The recommendations in the *Report of the Provincial-Municipal Social Services Review* represent a fundamental rethinking of the way the social service system is managed and funded. The proposed funding framework will have a significant impact on the allocation of provincial and municipal dollars to the social service system and possibly outside the social service system. Therefore, AMO's response includes a discussion of past and current AMO positions on provincial-municipal finance in an attempt to establish a broader context for reviewing the PMSSR proposed basis for a new funding framework. This discussion highlights the Association's positions that the province should assume full financial responsibility for the social assistance system as soon as possible and that revenue-sharing is fundamental to achieving the reform of the social service system.

A descriptive historical analysis provides a broad outline of the provincial-municipal relationship in social services and emphasizes how changes have impacted on local decision-making authority and autonomy. The section on financial analysis summarizes the current trends in municipal revenues and expenditures in general and the growth in municipal expenditures for social services specifically. The main conclusions are that since 1977 the following trends have occurred: a decrease in total provincial transfer payments with conditional grants comprising an increasing proportion of transfers; the revenue sources which have increased most as a proportion of total revenues are user fees; the proportion of total municipal expenditures on social services has increased sharply while other functional categories have remained relatively stable or decreased; and, most recently, municipal expenditures on social services have increased in part due to new provincial legislation, regulations and underfunding of programs.

Finally, a review of provincial-municipal involvement in social services in other provinces reveals that Ontario is unique in its continuing reliance on municipal funding of social services and absence of a revenue-sharing agreement which provides municipalities access to stable, consistent revenues.

### *PMSSR Principles for Managing the System*

AMO supports all of the principles of the *Report of the PMSSR* except for the following for which the Association proposes amendments.

AMO believes that Principle 1 should be reworded to clearly state: "The provincial government has primary responsibility for the overall social services system and the municipal sector is committed to cooperating in the planning, administration and delivery of services in order to maximize the effectiveness and efficiency of the system."

AMO also recommends that Principle 5 should be reworded to state: "Community involvement, which is an essential component of the planning and management of the social service system, should be focused on the elected municipal council."

And finally, with regards to principle 8, AMO recommends that it should be reworded to state: "Fiscal realism should be recognized as an important factor in decision-making and this should be defined within the overall provincial-municipal fiscal relationship including the principle of disentanglement and not just within the budget of the Ministry of Community and Social Services."

### *PMSSR Basis for Assigning Roles and Responsibilities*

AMO agrees with the PMSSR basis for assigning roles and responsibilities, that is, the differentiation of responsibilities into the three roles of legislation and policy development, service management, and delivery; the definition of five service envelopes to eliminate the current overlapping of responsibilities and to group related services; and finally, the definition of specific characteristics attributed to effective service management. The Association believes it is appropriate to use this basis in analyzing and developing specific recommendations for a new provincial-municipal relationship in social services.

### *Assigning Roles and Responsibilities*

AMO agrees that legislation and policy development for the social services system should ultimately be the responsibility of the Ministry of Community and Social Services. The Association supports assignment of management responsibility to the Province for the following envelopes: children's services; income and employment support; and, facility-based care for persons with developmental disabilities.

AMO suggests it is necessary to re-examine the PMSSR recommendations for municipal service management for both the child care and the community-based support services envelopes. This is necessary in order to assess the impact on municipal service management responsibility of the new provincial government's policy on child care and long-term care reform as represented in *Strategies for Change*. Therefore, AMO recommends further consultation in the form of provincial-municipal working groups to resolve these issues prior to AMO endorsing the recommendations for municipal management of child care and community-based support services.

***PMSSR Basis for a New Funding Framework***

The Association of Municipalities of Ontario agrees with the "Basis for Assigning Funding Responsibility" as stated in the *Report of the PMSSR*. However, the Association rejects the "methodology of financial analysis" as represented in the former provincial government's zero-sum strategy and endorses the municipal position put forward by its representatives on the PMSSR Committee as stated in the *Report of the PMSSR*.

In developing an alternative "methodology of financial analysis" the Association recommends consideration of the following: that the municipal sector is not looking for massive intergovernmental transfers but rather for adjustments to the current imbalance in the provincial-municipal financial relationship; the need to acknowledge the limited capacity of the municipal sector in general to pay for open-ended programs based on need such as general welfare assistance; the limitations of the property tax which make it an inappropriate source of revenue to fund social services; and, that the municipal sector cannot accept the existing costs for social services which continue to increase social service expenditures as a percentage of total municipal expenditures.

***Proposed New Funding Arrangements***

Based on the positions put forward with respect to service management responsibility, the Association endorses and recommends that the provincial government should fund 100 per cent of the costs for the following service envelopes: children's services; allowances, benefits and administration for a new integrated income support program; employment support services for income support clients; and, facility-based care for persons with developmental disabilities (since these institutions are being gradually phased out and replaced with community accommodations, AMO further recommends that the funds currently allocated to these facilities should be re-allocated to community-based support services for those individuals who are de-institutionalized).

AMO recommends that the assignment of funding responsibility for the child care and community-based support services envelopes should remain unchanged until management responsibility is resolved. During the developmental stages of a new provincial *Child Care Act* and the resolution of issues related to long-term care reform, the current funding arrangements should therefore be maintained. In the future, however, if these services are to come under municipal service management, then consideration could be given to adjusting cost-sharing at that time along with the development of a revenue-sharing act, an essential prerequisite for municipal management and funding responsibility for these envelopes.

### *PMSSR Basis for a New Planning Approach*

AMO agrees with the PMSSR basis for a new planning approach and believes it is appropriate to use this basis in developing specific recommendations for a new municipally-focused comprehensive and integrated process for human service planning in regions, counties and districts of the province. Pending resolution of the responsibility and cost-sharing for this function, as an interim condition, this should be funded on an 80% provincial and 20% municipal basis. This is to permit those municipalities wanting to initiate a planning process to proceed in assuming this role and function as soon as possible.

### *Implementation of a New Provincial-Municipal Framework of Roles and Responsibilities*

First, AMO rejects that implementation must occur as a package in order to maintain a "balance". AMO requests that the new government recognize that the PMSSR "balance" was one sought within a zero-sum framework for the social services system. AMO has alternatively put forward in the past, and now in the response to the *Report of the PMSSR*, that creating a more just system of provincial-municipal roles and responsibilities is necessary towards rectifying inequitable funding arrangements which currently rely on an inappropriate revenue source, the municipal property tax, and that this should be viewed as a fundamental step in correcting a current "imbalance" in the provincial-municipal financial relationship.

AMO therefore recommends that while much remains to be resolved prior to the adoption and implementation of a final framework of provincial-municipal responsibilities, in the interim, an implementation team can be struck to begin developing an implementation process for those recommendations that AMO and the province support.

Secondly, AMO proposes that a joint senior staff committee be immediately struck consisting of two representatives each from AMO, the Ministry of Municipal Affairs, and the Ministry of Treasury and Economics. The committee should develop a small number of alternative scenarios for a fundamental reform of the provincial-municipal transfer payment system based on the numerous reviews affecting provincial-municipal finance. AMO recommends that this committee resolve financial issues related to the proposed assignment of roles and responsibilities for social services within the context of the overall provincial-municipal relationship

However, in making this proposal AMO also wants to stress to the new government that financial reform of the social services system cannot be delayed to the final outcomes and deliberations of such a process. AMO believes that steps must be taken as soon as possible to provide some relief to municipalities for the current financial demands of rising social assistance costs. Therefore, AMO proposes the following as it's initial priorities for the implementation of social service reforms:

1. That the provincial government move towards assuming 100% of the costs of income support services as soon as possible.

2. That in conjunction with the next provincial budget, the provincial government assume 100% of the funding responsibility for the children's services envelope.

# 1 INTRODUCTION

## 1.1 Background to PMSSR Process

The Association of Municipalities of Ontario (AMO) and Ministry of Community and Social Services (MCSS) agreed in 1985 to establish a committee to continue to review their joint roles and responsibilities for the delivery and funding of social services. The first phase of this review was conducted by the Funding Arrangements Committee in 1985 and was focused on the rationalizing of cost-sharing arrangements for the income maintenance system. Following this the Ministry identified a number of issues that go beyond the cost sharing of income maintenance programs to include services such as those for children and the elderly. This resulted in an agreement between the Ministry and AMO to broaden the scope of the second phase of this review to include provincial-municipal roles and responsibilities in the delivery and cost sharing of all social service programs. The Ontario Municipal Social Services Association (OMSSA) was also included as a participant in this expanded discussion. A joint committee composed of MCSS, AMO and OMSSA representatives was struck to undertake this work. The *Report of the Provincial-Municipal Social Services Review* is the result of the work of this committee.

***The PMSSR Process: Government Partnership***

The Provincial-Municipal Social Services Review is the first comprehensive review of the management of Ontario's social services system. It also represents a partnership approach between municipalities and the province to work out a more rational framework for their respective roles and responsibilities for the management, funding, delivery and planning of social services. AMO has appreciated the opportunity for early involvement in this review, and is committed to continued co-operation towards improving Ontario's social service system.

AMO believes that the results of this partnership approach are evident in the Association's response to the *Report of the PMSSR*. AMO is in agreement with much of the Report's framework and recommendations and believes that the interests of Ontario's municipalities were well put forward by their representatives on the PMSSR Committee: Nancy Smith, Councillor, Regional Municipality of Ottawa-Carleton; Richard Picherack, former Commissioner of Community Services for Metropolitan Toronto; Roger

Taylor, former Mayor, Town of Elliot Lake; and, Ron Book, former Mayor, Town of Grimsby.

Despite this positive and successful partnership approach, municipalities were very disappointed when the previous government released its policy paper for long-term care reform, *Strategies for Change* without any consultation with the municipal sector, and with many proposals which contradict the principles and recommendations set out in the *Report of the PMSSR*. AMO and many municipalities have voiced to the previous government, and now to the new Minister of Community and Social Services, their concern with this lack of consultation and have requested that the new Minister, the Honourable Zanana Akande, withdraw *Strategies for Change* and re-issue it as a discussion paper.

It is because of *Strategies for Change* and the many questions it raises that AMO is unable to endorse some of the recommendations of the *Report of the PMSSR*. However, AMO believes that there is an opportunity with the new government to re-establish this partnership approach and that this requires immediate consultation and agreement on a process and commitment to move towards implementing reform of the management framework for the social services system. This response to the *Report of the PMSSR* therefore proposes a process to achieve this and to work with the new government towards providing a high quality, efficient, accessible, and accountable system of social services for Ontario.

### *Need for Reform: Disentanglement and Accountability*

Ontario's social services system consists of a diverse network of programs which are provided and funded by governments under various arrangements. For example, the province and municipalities currently share responsibilities for many programs. For some of these programs such as General Welfare Assistance and Children's Aid Societies, municipal responsibilities only involve delivery and/or cost-sharing, with minimal control over the quantity or quality of the service, and in many cases, special purpose bodies make policy and funding decisions for these financial contributions. Therefore, municipalities spend local dollars on programs for which they have little or no decision-making authority.

However, since municipalities are the most visible level of government, they are often perceived in their own communities to be responsible for these programs. This results in the client "yelling" at their local government when the system fails to deliver, however, municipalities do not have the decision-making authority to respond to or correct the situation. This interferes with the proper accountability of the system and its understandability.

Ultimately, the results of these arrangements is a system which is less effective and efficient in meeting the social service needs of the province's communities and one which is less publicly accountable.

### *Linking Decision-Making Authority and Financial Responsibility*

Municipalities believe that a better system of services which is publicly accountable can be achieved through a disentanglement of roles and responsibilities. This means that municipalities want to contribute financially only to those programs and services which are appropriately managed and funded at the local level so that they will be accountable only for services over which they have substantial control.

Fundamentally, AMO's goal in a review of provincial-municipal roles and responsibilities is to link decision-making authority with financial responsibility. Ultimately, this means that the level of government which has responsibility for legislation and policy development for a service should then also have responsibility for management and funding with municipal involvement and delivery being optional. In AMO's review of the *Report of the PMSSR* the Association has used this goal as a principle against which to evaluate the proposed PMSSR framework of responsibilities. The Association believes that its recommendations represent a step towards achieving this ultimate goal.

### *Social Service Reform in the Context of the Overall Provincial-Municipal Relationship*

Throughout this document reference is made to the numerous concurrent reviews affecting provincial-municipal roles and responsibilities: Long-Term Care Reform (*Strategies for Change*), the soon to be released report of the *Advisory Committee to the Minister of Municipal Affairs on Provincial-Municipal Financing Matters*, AMO's report, *New Dimensions*, etc. AMO's position is that a process needs to be established for bringing all of these reviews together and that reform of the social services system must be looked at in the broader context of the overall provincial-municipal financial relationship. This means that a fundamental restructuring of the provincial-municipal relationship is required and that a piece-meal approach to responsibilities is inappropriate.

### *Need for Reform: Rising Municipal Social Service Costs*

Municipalities have long argued that they do not want to be tied to paying a fixed percentage of an ever-increasing financial contribution to social services over which they have limited control. In particular, AMO has stated the need to acknowledge the limited capacity of the municipal sector in general to pay for open-ended programs based on need such as General Welfare Assistance. These concerns are related to the limitations of the property tax which make it an inappropriate source of revenue to fund social services. The tax is seen to be inflexible to changing needs; it is unresponsive to increased demands during periods of declining economic performance; it is insensitive to the generation of income; and, it does not relate predictably to an ability to pay, often requiring proportionally greater demands on the less wealthy municipalities than on the wealthy. Therefore, in terms of capacity, AMO has stated that municipalities' ability to finance social services is severely constrained and so the funding responsibility for social services should be shifted off the property tax base and into the provincial realm where access to a larger revenue base exists.

The current situation is a case in point. Over the past year welfare caseloads and expenditures have increased dramatically across the province. A combination of factors have been identified as contributing to this: implementation of SARC reforms (e.g. Spouse in the House, STEP, increased eligibility, rate increases), increased unemployment, UIC changes, immigration, current economic slowdown, etc. These increases are not related to municipal ability to pay and consequently have placed an increasing strain on municipal budgets and forced many municipalities to reduce expenditures on and involvement in discretionary community-based social service programs needed by their constituents.

AMO believes that this situation cannot continue and steps must be taken as soon as possible to provide some relief to municipalities for the current financial demands of rising social assistance costs.

## 1.2 Main Features of Proposed New Provincial-Municipal Structure

The following is a brief outline of the PMSSR's proposed provincial-municipal framework for the social service system.

*Eight Principles*

The *Report of the PMSSR* establishes eight fundamental principles which underlie a proposed framework of provincial-municipal responsibilities for the social service system.

*Defines Three Roles*

The Report differentiates responsibilities by breaking them down into three roles: legislation and policy development; service management; and, delivery.

*Identifies Five "Service Envelopes"*

For the purposes of assigning provincial and municipal responsibilities, the *Report of the PMSSR* then defines five service envelopes: children's services; income and employment support services; facility-based care for persons with developmental disabilities; child care; and community-based support services.

*Identifies Characteristics of Effective Service Management*

The *Report of the PMSSR*'s assessment of which level of government should most appropriately fulfil the service management responsibilities, included the consideration of its eight principles and the following specific characteristics attributed to effective service management: integrated service approach; clarity and disentanglement; local authority or provincial regulation; community-based delivery; and, experience and success.

*Characteristics of Effective Funding*

The *Report* then proposes five "characteristics of effective funding" to serve as a basis for a new funding framework: linking service management authority and financial responsibility; provincial regulation with local flexibility; municipal fiscal capacity; simplification; and, future consultation. Next, a methodology of financial analysis is proposed in terms of a zero-sum strategy which states that any proposed funding changes should not result in either the provincial government or municipal governments having to pay an increased proportion of overall social service costs.

*Proposed New Provincial-Municipal Framework of Responsibilities*

The foregoing criteria and bases for assigning roles and responsibilities resulted in the assignment of roles and responsibilities as illustrated on the following page.

REPORT OF THE PMSSR: PROPOSED NEW PROVINCIAL-MUNICIPAL FRAMEWORK

| | **Service Envelope** | **Responsible for Legislation and Policy Development** | **Responsible for Service Management** | **Responsible for Funding** |
|---|---|---|---|---|
| 1. | **Children's Services** | province | province | province |
| 2. | **Income and Employment Support Services** | province | province | |
| | - Allowances and Benefits | | | province |
| | - Administration | | | unresolved |
| | - Employment Support | | | status quo |
| 3. | **Facility-Based Care for Persons With Developmental Disabilities** | province | province | province |
| 4. | **Child Care Services** | province | municipalities | province 75%<br>municipalities 25% |
| 5. | **Community-Based Support Services** | province | municipalities* | province 75%<br>municipalities 25% |

* Service management and cost-sharing responsibilities for community accommodation with care and support services for persons with developmental disabilities should be assumed by municipalities in 1994. The Integrated Homemaker Program is excluded from municipal service management and funding responsibilities at this time.

### *Characteristics of Effective Planning*

Next, the *Report of the PMSSR* recommends that an effective planning process should include the following: coordination of planning for service envelopes; collaboration amongst key players; links to the broader system of human services planning; and provincial directions and local flexibility. Responsibility for social services planning is assigned to municipal governments at the region, county or district level.

### *Implementation*

Finally, the Report identifies critical issues for implementation: agreement to proceed; the staging of implementation; human resource considerations; assistance to municipalities in service management; development of new legislation; consultation with the voluntary sector; regular provincial-municipal consultation; and the maintenance of a PMSSR financial data base.

## 1.3 Structure of AMO's Response

AMO has prepared a summary of its major recommendations as part of a *Brief* to the provincial government; this serves as a concise statement of the Association's position. The following report provides a more detailed discussion and background information on the Association's position in order to familiarize the new government with the history of municipal involvement and concerns with the assignment of roles and responsibilities for the social services system.

Section 2 contains background information which includes discussion of the *Report of the PMSSR* in the context of other provincial-municipal financial reviews, a descriptive historical analysis of the provincial-municipal relationship in social services, and a summary of the changes in municipal revenues generally and expenditures in social services specifically since the mid 1970s.

The remainder of AMO's response is devoted directly to the *Report of the PMSSR*. As a starting point, in Sections 3 and 4, AMO first reviews and responds to the PMSSR principles and basis for assigning roles and responsibilities proposed in the *Report of the PMSSR*.

Section 5 contains the Association's position on the specific recommendations of the PMSSR regarding the assignment of roles and responsibilities.

Sections 6 and 7 review the PMSSR basis for a new funding framework and the Associations position on each of the specific recommendations of the PMSSR regarding the assignment of new funding arrangements.

In Section 8 AMO reviews and responds to the PMSSR basis for a new planning approach followed by a discussion of each of the PMSSR's recommendations for planning.

Finally, in Section 9 AMO responds to each of the PMSSR recommendations for the implementation of a new provincial-municipal framework of roles and responsibilities and recommends an interim implementation strategy.

# 2 BACKGROUND DISCUSSION

## 2.1 PMSSR in the Context of Other Provincial-Municipal Financial Reviews

The recommendations in the *Report of the Provincial-Municipal Social Services Review* represent a fundamental rethinking of the way the social service system is managed and funded. The proposed funding framework will have a significant impact on the allocation of provincial and municipal dollars to the social service system and possibly outside the social service system. Therefore, the following discussion of past and current AMO positions on provincial-municipal finance is an attempt to establish a broader context for reviewing the PMSSR proposed basis for a new funding framework.

***Past Provincial Reviews and Municipal Policy Positions on Provincial-Municipal Finance***

In *New Dimensions* there is a summary of numerous provincial reviews and municipal policy positions on provincial-municipal finance since the 1970s. The following summarizes the main points raised in these reviews which AMO has supported:

- revision and enrichment of the unconditional grants program;
- establishment of mechanisms for regular increases in transfers to municipalities based on fiscal growth within the province (revenues); and,
- the necessity of property tax reform to enhance municipal revenue sources, but that tax reform would have to be accompanied by grant reform in order to achieve true fiscal improvements.

***Social Assistance Review Committee Report: Transitions***

The SARC Report presented a substantial network of reforms which included recommendations on provincial-municipal financial responsibility for social assistance. The Association agreed with the general thrust of the reforms but expressed concern that funding for the reforms was not made explicit.

In terms of financial responsibility for social assistance, AMO supported SARC recommendation 197 that all program costs be funded by senior governments; in addition, AMO recommended that senior governments should also fund the total costs of administration.

At the time, funding issues such as cost-sharing arrangements for social assistance had been referred to the Provincial-Municipal Social Services Review Committee. Since the recommendations of this Committee were not to be available until a later date, the cost-sharing of social assistance was allocated to the third stage of implementation and the province began to take action with regard to other recommendations contained in stage one of the SARC report. As a result, those recommendations which have been implemented have not included any step towards addressing municipal costs for social service improvements or any move toward adopting SARC recommendation 197.

### *New Dimensions*

An attempt is made throughout this background report to relate discussions and recommendations to AMO's positions in its *New Dimensions* report.

*New Dimensions* is a broadly based review of all conditional grant programs of the Government of Ontario. The Association began this study in 1988 to review and analyze the multitude of provincial conditional grant programs in order to assess whether these programs are adequately meeting the needs of Ontario's municipalities. In May 1990 the AMO Board of Directors adopted the broad recommendations contained in New Dimensions (recommendations 1 to 8 of Part III); endorsed that the remainder of the report be approved in principle; and moved that the report be used as a guideline for the basis of future negotiations with the Provincial Government in order to achieve a new provincial-municipal fiscal relationship.

The recommendations in *New Dimensions* were developed during approximately the same time period as the *Report of the PMSSR*; however, *New Dimensions* looked at provincial-municipal financial relations in a broader context and therefore attempted to provide recommendations for comprehensive reform beyond the social services sector. To this end, the report provided principles and a consistent framework for reviewing all funding programs.

### *New Dimensions Broad Recommendations for a New Provincial-Municipal Fiscal Relationship*

Three of the recommendations contained in New Dimensions addressed the municipal revenue base:

- AMO states that reform must begin with a clear statement from the Province of Ontario confirming the Municipal revenue base as:

  - Property Tax
  - Revenue-sharing through a transfer payment system
  - User Fees

- The Province of Ontario must reverse its policy of intrusion into the limited municipal revenue base.

- The Province of Ontario and Association must enter into discussions to develop a revenue-sharing act, similar to other Provinces.

The other five recommendations addressed the development of a new General Municipal Support Grant to replace the existing Unconditional Grants Program. AMO recommended that this grant be a priority of the Advisory Committee to the Minister of Municipal Affairs on Provincial-Municipal Finance Matters for implementation by 1991.

*Advisory Committee to the Minister of Municipal Affairs on Provincial-Municipal Financing Matters*

The PMSSR recommendations for financial reform should also be placed in the context of the current broad review on provincial-municipal finance. The Committee is looking at conditional and unconditional grants and exploring possible options for the provincial-municipal financing relationship for the 1990s and beyond. While the results of this Advisory Committee's deliberations are not yet available, discussion of options for the financing of social services have included consideration of making programs which are of an income redistributive nature a 100% provincial financial responsibility to making all social services a 100% provincial responsibility.

*"Reforming the Partnership": AMO Submission to Provincial Cabinet 1990*

Most of AMO's recommendations to the previous provincial cabinet in May 1990 focused on social services and finance.

Municipal Impact Statements were recommended which would involve including a special section entitled "ramifications for municipalities" on Management Board submission forms. Ministries would have to insert a cost projection for municipalities of any new program or policy or revised program, to respond to these new costs and AMO would have to be consulted on the impact of such changes.

AMO also urged the Province to assume the full financial responsibility for the social assistance system as soon as possible.

AMO recommended that the Province and the Association enter into discussions immediately to develop a revenue-sharing act similar to other provinces. AMO suggested that this is fundamental to achieving the reforms of other review processes, such as the recommendations of the Provincial-Municipal Social Services Review, Long-Term Care Reform and any future recommendations of the Advisory Committee to the Minister of Municipal Affairs on Provincial-Municipal Financing Matters.

Finally, AMO recommended the Provincial government establish a broad forum for a comprehensive review and re-negotiation of the provincial-municipal relationship.

## 2.2 Analysis

*Introduction*

The following discussions are provided to set a context for reviewing the principles and basis for assigning roles and responsibilities as set out in the *Report of the PMSSR*.

The descriptive historical analysis is a broad outline of the provincial-municipal relationship in the area of social services. It emphasises how changes in provincial-municipal involvement in social services has impacted upon local autonomy:

- how past decisions on social services responsibility and finance have reduced local authority and autonomy; and
- the importance of considering the issues raised in this historical analysis as decisions are being made on provincial-municipal responsibility and finance of social services.

The second section on financial analysis summarizes current trends in municipal revenues and expenditures in general and the growth in municipal expenditures for social services specifically.

The final section summarizes for each province how responsibilities for the provision and funding of social services are divided between municipal and provincial governments.

### 2.2.1 Descriptive

***Reasons for a Historical Review of the Provincial -Municipal Relationship in Social Services***

The historical background included in the *PMSSR Discussion Paper* and the *Report of the PMSSR* do not look at how changes in the social services system have impacted upon provincial-municipal relations and reflected broader changes in the autonomy of the municipal sector in general. These can be looked at by analyzing four inter-related developments which occurred primarily in the twentieth century which are:

1. changes in provincial statutory control;
2. changes in administrative and regulatory control at the senior levels of government;
3. changes in local finance and revenue-raising ability; and,
4. the expansion of the unconditional grants system.[1]

All of these changes can be described with reference to the specific enactments and developments summarized in the *Report of the PMSSR* but with the illustration of how each of these changes has involved increasing provincial intervention in local affairs and the consequent loss of local autonomy.

Despite the comment in the *PMSSR Discussion Paper* that most changes were by and large "unplanned", a clear and consistent pattern of increasing provincial supervision, influence and control can be found[2] which has been consistently represented in the decisions of senior governments to support interventionist policies in the provision of social services.

***Early Beginnings Pre 1900s***

Throughout most of the nineteenth century, municipalities were largely left free to pursue their policies of growth and development as well as to develop policies and provisions for dealing with physical and social amelioration. Most of the legislation applicable to municipalities during this period was open-ended as represented in an abundance of "may" clauses and very few "must" ones.

During this period municipalities expanded social services, largely financed from their own revenues, and with little consistency from place to place. As noted in the *PMSSR Discussion Paper*, the main support provided by the provincial government was in the form of enabling legislation which permitted townships to raise funds through property taxation to assist in providing relief to the poor.

The provincial government also made informal financial contributions to charitable organizations in aid of specific social services. However, towards the end of the nineteenth century, provincial involvement in social services began to change towards legislative requirements for municipal cost-sharing of some social services and formal regulatory controls on the use of provincial contributions to social services.

For example, the *Charity Aid Act* passed in 1874 represented the first legislative attempt to require institutions receiving provincial assistance to accept provincial inspection and standards deemed necessary by the province. The Act pertained mainly to charitable institutions such as hospitals, houses of industry (poorhouses), and orphanages. Interesting aspects of the Act were the introduction of a classification scheme for types of institutions, the use of matching grants and the setting of per diem limits. While municipalities were not required to provide these institutions, the Act stated as one of its objectives, "that municipal and other corporations, as well as private individuals, should be stimulated and encouraged to give liberal support to such institutions" and that there should be a means for ensuring accountability for public funds given to charity.[3] Therefore, this first legislation established formal provincial cost-sharing for social services and set a precedent for future regulatory control over how provincial contributions were to be spent.[4]

Other provincial legislation which followed this focused on the area of children's services and included the *Children's Protection Act* (1888) and the *Act for the Prevention of Cruelty and Better Protection of Children* (1893) which provided for the establishment of Children's Aid Societies.[5] Under the latter Act municipalities were required to pay a set amount towards the cost of Children's Aid Societies.[6]

This period was therefore represented by increasing provincial legislative involvement which both required municipalities to pay some costs of specific social services and established regulatory controls on the use of provincial contributions.

### *Increasing Senior Government Involvement: 1900-1930*

The form of provincial involvement was much more significant during this period in the erosion of municipal autonomy. Municipalities during this period increasingly were unable to meet rising social welfare costs and therefore requested financial support from senior governments for providing relief to the poor. The form of provincial assistance consisted of an explosion in legislation and growing formalization of provincial-municipal cost-sharing arrangements.

This is described as a period where senior governments imposed office and function on the municipality but retained most if not all control over funding and regulation.[7] The *Report of the PMSSR* provides several examples of this such as the provincial *Old Age Pensions Act* (1929), and legislation concerning child protection, workers' compensation, and mother's allowances.[8] Also, the province legislated mandatory provision for specific services notably county houses of refuge for the poor.[9]

A perceptible increase in legislation affecting municipalities is noted during this period both in terms of quality and quantity. The legislation not only dictated what local governments were required to do, "but began, particularly in the 1930s - as the provinces became more interventionist in the social sector and the municipalities more financially strapped - to trench on those omnibus powers."[10]

The provincial statutory control was characterized in the establishment of a municipal affairs ministry in 1935 with extensive powers to supervise, influence and pass money on to local governments. Legislation providing for greater provincial control expanded both prior to and after the establishment of this Ministry and by 1950 sixty-six provincial acts affecting local government were in place, the majority dating after 1914.[11]

The most significant and majority of this legislation was in those acts related to public welfare such as the *Unemployment Relief Act* of 1935, where the province legislated municipal responsibility for basic welfare and formalized cost-sharing amongst the three levels of government.[12]

It is illustrative to note that despite these statutory incursions into municipal autonomy the general powers of local government changed little, but that legal power and real power were no longer coincident since provincial statutes now trenched on these general powers. For example, the "General Provisions Applicable to all Municipalities" in Ontario in 1914 illustrated the broad, almost residual nature of local powers, their discretionary quality, and the rather little and loose provincial control.[13]

***Expansion 1930-50***

By the 1940s, the imposition of office and function on municipal governments had reached a point where the standard practice was that a part of the cost of almost every "social service" that the provincial government saw fit to undertake, was passed on without consultation to the municipalities, whether or not the service was one which might logically be classed as a municipal service or a legitimate charge to be based on the property tax.[14]

A significant point noted above is that as a provincial presence in the area of social services was emerging, little thought seems to have been given to consideration of appropriate areas of provincial and municipal jurisdiction in the provision of social services. This was largely at the cost of the municipal sector's decision-making authority in this area since municipalities were usually not involved in the consultation which resulted in the formulation of legislation and cost-sharing arrangements.

It is noted in the *Report of the PMSSR* that this period was also impacted by the Depression and Second World War which, as a "result of economic necessity" undermined the municipalities' financial capacity to pay for social services, the costs for which continued to rise during this period. Consequently, provincial and federal governments started taking over more social programs, thereby relieving municipalities of some of their financial responsibilities. However, the form of this assumption of programs was not characterized by a clear definition of responsibility. The exigencies of the economic crises of this time resulted in a political choice of the form in which senior governments would respond to the revenue-raising problems of local government. Rather than a transfer of revenue, the political choice was made to continue "conditionalizing" funding and, in many cases, unilaterally impose cost-sharing arrangements on local governments for provincially dictated social programs. This period represented a separation of responsibility for problems and the power to solve them (especially fiscal power).

A significant point to note here is that the form of financial assistance or relief chosen had a significant impact on the development of the provincial-municipal relationship in the provision, control and funding of social services specifically and other program areas more broadly. And that the form of funding relief was a reflection of a consistent provincial policy of increasing intervention in local affairs.

It was also during this period that senior government administration, as it affected local government, expanded and increasingly influenced the setting of policy directions, and, in the name of equity, the type and amount of services offered.[15]

Accompanying the imposition of legislative requirements for municipal contributions to social services and the conditionalizing of funding was the contraction of the local tax base, much of which was also at the initiative of senior governments: the elimination of local income taxes, sales taxes; and the elimination or reduction of the local share of liquor and motor vehicle taxes.[16] For example, from the year 1904 until 1935, subject to certain exemptions, municipalities had the right to levy the regular Municipal Tax upon personal income assessments.[17] This access to income tax permitted some municipalities to raise substantial revenues; in 1936 the right to collect this revenue was abolished with municipalities being compensated in part by a provincial subsidy based on municipal assessment and subject to reduction or removal by the province.[18] In effect this removed municipalities from control of a source of revenue.

By the end of the 1930s the property tax was the major remaining local government tax and was approaching its limits of exploitation. Therefore, at the time when municipalities were losing their access to other sources of taxation, and the property tax was reaching its limits, they were also becoming more reliant on provincial transfers.

***Universality 1950s - 1960s***

Throughout the 1950s the federal and provincial governments increased their support of and legislation controlling social welfare programs. By the 1960s, a national framework for universal social programs as represented in the Canada Assistance Plan and other legislation of this period illustrated a tri-level conditional cost-sharing relationship as a means of funding senior government policies for social programs. While relieving some of the financial burden which traditionally rested on municipalities it also failed to address the intergovernmental relationship and responsibility for the development of new services to meet changing needs and demands. Therefore the broadening of social services during this time was approached in an ad hoc manner with the local level often developing new services to meet emerging needs.

***Restructuring 1970s- 1980s***

The large-scale government re-organization was represented in this period by the deinstitutionalization of thousands of individuals with developmental disabilities and the creation of new community living opportunities.

The period was also represented by an expanded municipal role in social services to meet changing needs including the provision of child care services and special community-based support services. This expansion was mainly at the initiative and discretion of the local municipality.

As described in Section 2.2.2, this period was also represented by a decrease in total provincial transfer payments to municipalities with conditional grants comprising an increasing proportion of transfers; an increasing reliance on user fees as a source of revenue; a sharp increase in the proportion of total municipal expenditures on social services while other functional categories remained relatively stable or decreased; and, most recently, an increase in municipal expenditures on social services in part due to new provincial legislation, regulations and underfunding of programs.

In general this period of time was represented by an increasingly proactive provincial involvement in social services, particularly in social assistance reform, which has not been accompanied by municipal ability to pay. With this increased awareness of social and economic inequities, higher priority was placed on social services as represented in the introduction of new programs, and provincial reforms towards a guaranteed annual income (e.g. SARC). These legislative changes to mandatory cost-shared programs have not recognized municipal ability to pay and consequently placed an increasing strain on municipal budgets and forced many municipalities to reduce expenditures to and involvement in discretionary, community-based social services.

Several other senior government actions of recent years have eroded and weakened the fundamental principle of universality underpinning the Canadian social security system. For example, the federal government's April 1990 budget introduced the following major cuts to social programs:

- new tax "claw-backs" on old age security and family allowances making these two programs no longer universal;
- capped the federal contribution to the Canada Assistance Plan for two years for Ontario, Alberta

and British Columbia; and,
- proposed freezing the Established Program Financing for health care.

In the absence of federal financing, the Government of Ontario has been looking at user fees for non-medical services such as home care for the elderly, nursing home charges, day care, etc. In the 1990 provincial budget, expenditures of $640 million were projected to 1996 for health and social services; of this, $100 - 180 million is estimated to be obtained from user fees for long-term care. Critics claim the provincial government is quietly shifting programs from the Ministry of Health to the Ministry of Community and Social Services where precedents exist for user fees.

It is argued that this represents increasing initiatives on the part of federal and provincial governments to reform the social security system to make it more efficient by concentrating on "those who really need help the most".[19] And in many cases this has resulted in the municipal sector having to introduce or expand assistance to emergency programs such as food banks, hostels, etc. for those individuals not meeting the new criteria of senior governments.

In sum, the demands for new social services and social assistance reform, and the increasing financial pressures that these represent have lead to the following federal and provincial strategy : the "downloading" of responsibilities and funding to the municipal level of government.

### *Summary and Conclusions*

The foregoing discussion illustrates several key points which should be taken into account in reflecting on the past development of provincial-municipal relations, and on the future direction which the municipal sector deems appropriate for it to follow.

- While increases in provincial funding of social services were often requested and appreciated by municipalities, they have typically resulted in reductions in local autonomy and decision-making authority; therefore, financial solutions have had a great impact on the local control of financial resources and provision of social services. This has been largely attributable to the legislation which increasingly accompanied provincial financial support. This explosion of provincial legislation and administrative control have increasingly subordinated municipalities which continue to have a responsibility for social services but little control or decision-making authority.

- This current set of proposals should not only look at the change in the relative balance of financial burden on either level of government but also on the level of municipal control, authority and accountability which are derived.

- There are solid grounds for a strong provincial role in social services; the province has the necessary constitutional powers and fiscal capacity to build and maintain the social services network. This fiscal capacity in particular means the province will always be the government with the major "pay" and "say".

- There are clearly two practical constraints to a greater role for municipalities in the provision of social services:[20]

  Constitutionally: it is unlikely that local governments would ever be given true autonomy in these areas of social concern; one can only expect some discretionary power to alter the quantity, quality or range of services first sanctioned by the provincial government.

  Revenue: given existing local taxation powers and sources of revenues, municipalities do not have the fiscal capacity to assume a radically greater role in these services. If taxing authority is to be commensurate with responsibility for meeting social needs, and if the property tax is an inappropriate revenue source to fund social services, then additional tax bases should be made available to municipalities at the very least in the form of a revenue-sharing agreement.

### 2.2.2 Financial

This section summarizes changes in municipal revenues and expenditures in general and the growth in municipal expenditures in social services specifically since the mid 1970s.[21]

*General Trends in Provincial Transfer Payments, 1977-1987*

- The level of transfer payments, in real terms, to municipal governments was 16.7% lower in 1987 than in 1977.
- In 1977 conditional grants comprised 63.1% and unconditional grants only 36.9% of total transfer payments.
- In 1987 conditional grants increased to 70.1% and unconditional grants decreased to 29.9% of total transfer payments.

*General Trends in Municipal Revenue Base*

In 1987 municipal revenue sources were:

| | |
|---|---|
| Property tax | 47.6% |
| Provincial transfers | 27.9% |
| Payments in Lieu of Taxes | 3.3% |
| User fees | 14.8% |
| Other revenues | 6.4% |

Of the five areas of revenue, user fees have increased the most in the 1977-1987 period; this illustrates that the municipal sector is seeking additional revenue sources to reduce its dependence on property taxes and provincial grants.

*General Trends in Municipal Expenditures*

Analysis of municipal expenditures in major functional categories illustrates that since 1977, municipal expenditures on general government and health and social services have increased while all other functional categories have decreased or remained stable.

Table II illustrates that expenditures in no other functional category have increased as sharply as expenditures on social services. Over time, there appears to be an almost direct trade-off between reduced expenditures in traditional "hard" municipal services such as transportation, and "soft" services such as social services. Spending in other functional categories has remained relatively stable as a percentage of total expenditures.

| Year | Property Taxes | Ontario Grants | PIL's | User Fees | Other Revenues |
|---|---|---|---|---|---|
| 1977 | 48.5 | 29.7 | 3.8 | 12.8 | 5.2 |
| 1978 | 47.7 | 27.7 | 3.9 | 12.8 | 5.9 |
| 1979 | 47.9 | 29.1 | 3.7 | 13.3 | 6.0 |
| 1980 | 47.5 | 29.2 | 3.9 | 13.3 | 6.1 |
| 1981 | 47.0 | 28.8 | 3.8 | 13.3 | 7.1 |
| 1982 | 46.9 | 29.6 | 3.7 | 13.3 | 6.6 |
| 1983 | 46.9 | 29.6 | 3.6 | 13.6 | 6.3 |
| 1984 | 47.4 | 28.9 | 3.7 | 13.9 | 6.1 |
| 1985 | 47.4 | 28.5 | 3.7 | 14.0 | 6.4 |
| 1986 | 47.6 | 28.1 | 3.6 | 14.3 | 6.3 |
| 1987 | 47.6 | 27.9 | 3.3 | 14.8 | 6.4 |

**Table I** Composition of Revenue Fund Revenues

| | Percentage of Total Municipal Expenditures | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Year | General Gov't | Protection | Transportation | Environment | Public Health | Social Services | Recreation | Planning | Total |
| 1977 | 9.5 | 17.8 | 27.0 | 14.8 | 3.1 | 13.5 | 11.7 | 2.7 | 100.0 |
| 1978 | 9.9 | 17.8 | 26.1 | 14.9 | 3.1 | 13.9 | 11.6 | 2.7 | 100.0 |
| 1979 | 9.7 | 17.9 | 25.4 | 15.3 | 3.2 | 14.3 | 11.3 | 2.9 | 100.0 |
| 1980 | 10.3 | 18.0 | 24.8 | 15.1 | 3.3 | 14.4 | 11.2 | 2.9 | 100.0 |
| 1981 | 10.2 | 18.2 | 25.1 | 15.0 | 3.3 | 14.4 | 11.1 | 2.6 | 100.0 |
| 1982 | 10.7 | 18.1 | 24.5 | 14.6 | 3.3 | 15.1 | 11.2 | 2.6 | 100.0 |
| 1983 | 9.8 | 17.8 | 24.0 | 14.8 | 3.4 | 16.4 | 11.1 | 2.7 | 100.0 |
| 1984 | 10.1 | 17.6 | 23.9 | 14.7 | 3.5 | 16.3 | 11.1 | 2.7 | 100.0 |
| 1985 | 9.9 | 17.5 | 24.1 | 14.9 | 3.5 | 16.4 | 11.1 | 2.7 | 100.0 |
| 1986 | 9.9 | 17.6 | 23.6 | 15.1 | 3.1 | 17.0 | 10.9 | 2.7 | 100.0 |
| 1987 | 10.3 | 17.4 | 23.4 | 14.9 | 3.0 | 17.3 | 10.9 | 2.7 | 100.0 |
| 1977-87 Change | 0.8 | (0.4) | (3.6) | 0.1 | (0.1) | 3.8 | (0.8) | (0) | |

**Table II** Municipal Expenditures by Functional Category

## *General Trends in Municipal Funding of Social Services*

As Figure 1 illustrates, social services as a percentage of total municipal expenditures has been increasing steadily since 1977.[22] Table III illustrates that this growth in social service expenditures has been more dramatic in Districts and Metro Toronto.

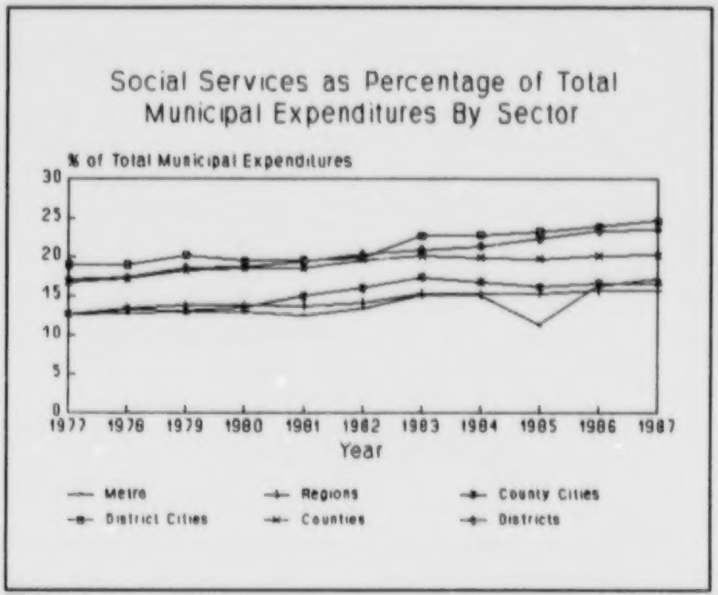

**Figure 1**

| | 1977 | 1987 | Change |
|---|---|---|---|
| Metro Region | 12.54% | 17.09% | 4.55% |
| Regions | 12.65 | 15.75 | 3.10 |
| County Cities | 12.66 | 16.64 | 3.98 |
| District Cities | 18.90 | 24.56 | 5.66 |
| Counties | 16.68 | 20.16 | 3.48 |
| Districts | 17.07 | 23.53 | 6.46 |
| TOTAL | 13.48 | 17.30 | 3.82 |

**Table III** Social Services as a Percentage of Total Municipal Expenditures by Municipal Sector

The Association has expressed its concern with this rise in municipal expenditures and has concluded that these increases are partly a result of new legislation, regulations and new programs being devolved to the municipal level of government.[23] Some of the more recent causes of these increases are explored below.

### *Examples of Legislative and Regulatory Changes Impacting on Municipal Social Service Costs*

Since the PMSSR Committee began its deliberations, and since the 1988-89 fiscal year which it used in its financial analysis, significant changes in municipal contributions to the social services has occurred.

Since September 1989 welfare caseloads have increased anywhere from 20 - 94% across the province. A combination of factors have been identified as contributing to this: implementation of SARC reforms (e.g. Spouse in the House, STEP, increased eligibility, rate increases), increased unemployment, UIC changes, immigration, etc.

### *Supports to Employment Program (STEP)*

Under STEP individuals can continue to receive needed assistance even if they have a job. Since September 1989 the Ministry of Community and Social Services has reported that there has been an increase of 16,600 in the number of people who are receiving social assistance and also reporting other income.[24]

### *Spouse in the House Rule*

This expanded eligibility for general welfare assistance to unmarried individuals who live together.

### *Examples of Financial Impacts*

Many municipalities have been impacted by these changes. Across the province, the average percentage increase in caseloads from September 1989 to September 1990 was approximately 50%. For many municipalities this has resulted in actual GWA payments well exceeding original GWA budget estimates for 1990, amounting to significant cost over-runs (deficits). The following is a summary of the increases experienced in some municipalities.[25]

| Municipality | Caseloads | | % increase | Original GWA Budget Estimate for 1990 ('000s) | Actual GWA Payments to Date ('000s) | % Spent to date |
|---|---|---|---|---|---|---|
| | Sept 1989 | Sept 1990 | | | | |
| Kent County | 437 | 832 | 90.4% | $ 4,200. | $ 4,700. | 111.9% |
| Nipissing District | 141 | 325 | 130.5% | $ 1,225. | $ 1,273. | 103.9% |
| City of Barrie | 246 | 563 | 128.9% | $ 2,661. | $ 2,665. | 100.2% |
| Essex County | 647 | 1302 | 101.2% | $ 4,696. | $ 4,718. | 100.7% |
| Region of Peel | 2901 | 5279 | 81.9% | $22,915. | $23,553. | 102.3% |
| City of Kingston | 987 | 1406 | 42.5% | $ 5,970. | $ 6,560. | 109.9% |

**Table IV** GWA Caseload Statistics

These increases are expected to result in increased levies in 1991 for some municipalities. For example, in the County of Kent, the increase in GWA caseloads for the June 1989-June 1990 period of over 80% has resulted in an estimated municipal cost over-run (deficit) in the 1990 GWA budget of over $360,000., resulting in a 6% increase in the 1991 levy just to cover the 1990 deficit.

AMO's financial survey of the impact of provincial policies on municipal budgets in 1989 looked at, in addition to other sectors, increases in municipal expenditures on social services.[illegible] Of the municipalities responding to the survey, an increase of approximately $10.2 million was identified as being directly related to new programs, revised legislation and underfunding of programs. This was divided amongst the following major areas:

| | |
|---|---:|
| 1. GWA | 5,100,000 |
| 2. Spouse in the House | 605,000 |
| 3. Community Support | 2,600,000 |
| 4. Day Care | 620,000 |
| 5. Homes for the Aged | 431,000 |
| 6. 1989 Social reforms | 928,000 |
| Total Social Service Cost Increase | $10,284,000 |

### *Summary and Conclusions*

The main conclusions of the financial analysis are that since 1977 the following trends have occurred:

- a decrease in total provincial transfer payments with conditional grants comprising an increasing proportion of transfers;
- the revenue sources which have increased most as a proportion of total revenues are user fees;
- the proportion of total municipal expenditures on social services has increased sharply while other functional categories have remained relatively stable or decreased; and,
- most recently, municipal expenditures on social services have increased in part due to new provincial legislation, regulations and underfunding of programs.

## 2.3 Provincial-Municipal Involvement in Social Services in Other Provinces

### *Provinces With Municipal Cost-Sharing for Social Services*

As Table V on the following page illustrates, four out of seven other provinces in Canada do not cost-share social services with their municipalities. Table VI on the following pages provides more detail on the cost-sharing arrangements for other provinces.

### *Provinces With Revenue-Sharing Agreements*

The three provinces which cost-share social service programs with municipalities also have revenue-sharing acts.

In Alberta, the Alberta Partnership Transfer Program (1988) provides a general unconditional support grant to municipalities. The program is also indexed to the rate of increase in provincial revenues.

In Nova Scotia, the Municipal Grants Act provides unconditional funding to municipalities which is indexed to the rate of increase in gross provincial revenues.

For Manitoba, where municipalities cost-share for the income maintenance system only, there is a provincial-municipal tax sharing act by which 2.2% of the Manitoba income tax and 1% of the corporate tax is transferred to municipalities through their General Support Grant and specific conditional grants.

### *Summary and Conclusions*

This summary reveals that the provinces of British Columbia, Saskatchewan, Quebec and New Brunswick virtually fund social services 100%. Those that do cost-share with municipalities -- Nova Scotia, Alberta and Manitoba -- all have revenue-sharing agreements with their municipalities. Ontario is unique in its continuing reliance on municipal funding of social services and absence of a revenue-sharing agreement which provides municipalities access to stable, consistent revenues.

**Table V** Provincial-Municipal Cost Sharing in Social Services

| | |
|---|---|
| Provinces with no municipal cost-sharing | British Columbia<br>Quebec<br>New Brunswick<br>Newfoundland<br>Saskatchewan * |
| Provinces with municipal cost-sharing in income maintenance only | Manitoba |
| Provinces with municipal cost-sharing | Alberta<br>Nova Scotia |

* municipalities contribute a token 1% to income maintenance costs
Note: information on PEI not available.

# PROVINCIAL-MUNICIPAL COST SHARING IN SOCIAL SERVICES

| Province | Municipal Cost-Sharing in Social Services | Income maintenance | Child Care | Children's Services | Elderly Services | Disabled Services | Community Support |
|---|---|---|---|---|---|---|---|
| British Columbia | • municipal involvement in social service delivery deliberately phased out in 1971 because it was inefficient<br>• municipalities only involved in delivery of some nursing services to elderly | 100% P | 100% P | 100% P | 100% P<br>• municipal delivery of some nursing services | 100% P | 100% P |
| Alberta | • some municipal cost sharing for specific services<br>• not clear whether this is mandatory or not<br>• some municipal delivery | 100% P | 80% P<br>20% M<br>• municipal delivery | 100% P | 80% P<br>20% M<br>+ variable<br>• some municipal delivery | 100% P | 80% P<br>20% M<br>+ variable<br>• some municipal delivery |
| Saskatchewan | • token municipal involvement in income maintenance<br>• discretionary municipal cost-sharing for many other services but no "formal" arrangements<br>• municipalities are happy to stay out of social service field because their tax base is too small to support financial involvement<br>• no municipal delivery | 99% P<br>1% M | 100% P<br>• some municipalities make contribution by subsidizing rents for buildings | 100% P | 100% P<br>• some municipalities make contribution to capital costs | 100% P<br>• some municipalities may contribute funds | 100% P<br>• some municipalities may contribute funds |
| Manitoba | • municipalities only involved in income maintenance for residents who have lived in municipality for more than one year<br>• municipalities deliver income maintenance to residents living > 1 year in municipality | 100% P for residents living < 1 year in municipality;<br>40 - 80% P for residents living > 1 year in municipality | 100% P | 100% P | 100% P | 100% P | 100% P |

| Province | Municipal Cost Sharing in Social Services | Income maintenance | Child Care | Children's Services | Elderly Services | Disabled Services | Community Support |
|---|---|---|---|---|---|---|---|
| Quebec | • no municipal involvement in cost sharing<br>• no municipal delivery | 100% P | 100% P | 100% P | 100% P | 100% P | 100% P |
| New Brunswick | • no municipal involvement in cost sharing<br>• in 1967 province moved away from cost-sharing because municipal tax base could not afford to support social services<br>• no municipal delivery | 100% P | 100% P | 100% P | 100% P | 100% P | 100% P |
| Nova Scotia | • municipal involvement and cost-sharing for many social service programs<br>• some municipal delivery | 75% P<br>25% M<br>• municipal delivery in large urban areas | 100% P | 50% P<br>50% M<br>for community agencies<br>100% P<br>for provincially operated services | 63% P<br>33% M<br>for Homes for the Aged<br>75% P<br>25% M<br>for centres, etc.<br>• some municipal delivery | 63% P<br>33% M<br>for residential services<br>75% P<br>25% M<br>for other services<br>• some municipal delivery | 75% P<br>25% M<br>for some services |

Source: Ontario Ministry of Community and Social Services, Provincial-Municipal Relations Unit, Provincial-Municipal Cost Sharing in Social Services Across Canada, A.R.A. Consultants, March 1988.

Notes: In cases of 100% provincial responsibility, the province either directly delivers (e.g. through regional or district offices) or purchases services from private, non-profit community agencies.

# 3 PRINCIPLES FOR MANAGING THE SYSTEM

***PMSSR Principles***

The Report of the PMSSR proposes eight fundamental principles which underlie the proposed framework for provincial-municipal responsibilities in social services. The following are the eight principles:

1. The provincial government and the municipal sector have joint responsibility for managing the social service system to maximize its effectiveness and efficiency.
2. Each party's roles and responsibilities should be clear and consistent with the capacities of the level of government that assumes them.
3. Authority should be commensurate with responsibility and accountability.
4. There should be a balance between equity in Ontario's social service system and the need for flexibility at the local level.
5. Community involvement is an essential component of the planning and management of the social service system.
6. Planning and coordination of services must be promoted and increased.
7. Consultation should characterize all relationships within the system.
8. Fiscal realism should be recognized as an important factor in decision-making.

The *Report of the PMSSR* states that in order to achieve a better-managed social services system, provincial and municipal responsibilities must be clarified and realigned according to these eight principles. The Report acknowledges that these principles which underlie their proposed framework for provincial-municipal responsibilities in social services may be open to different interpretations and that the principles may sometimes be in competition with one another when directly applied.[27] However, the *Report* also states that these principles provided the PMSSR committee with the basis for approaching decisions. Also the *Report* recommends that these principles should continue to be used by the province and the municipal sector in the future as issues arise.

Therefore, given that the principles are the basis for the *Report's* recommendations and are proposed for future use, AMO has reviewed these and put forward a position on each.

## 3.1 AMO's Position on PMSSR Principles

**AMO endorses all of the PMSSR principles except for the following three.**

***Principle 1***

"The provincial government and the municipal sector have joint responsibility for managing the social service system to maximize its effectiveness and efficiency."

This principle states that the municipal sector accepts some responsibility for social services and also accepts a management role for parts of the system. The main considerations that are contained within this principle are described as:

- Joint responsibility does not imply identical responsibility; each party has a distinct and separate role to play.
- These roles must interconnect in order that the system function as more than a series of isolated programs.
- The relationship between the two levels of government must be open and dynamic so that as circumstances change the relationship must be capable of adapting.
- There must be dialogue and willingness to compromise where necessary.
- The two parties are both responsible for maintaining the viability of the relationship.

***AMO's Position***

AMO has been consistent in its assertion that overall responsibility for social services rests with the province. As government partners in the social services system, municipalities are committed to a role which capitalizes on the unique assets of local governments such as proximity to service recipients, and knowledge of local needs and conditions. However, the municipal sector's role must also reflect both the limitations of local governments to fund social services from a tax base not related to income and the necessity that most social services require universal standards of provision and accessibility.

The principle of joint responsibility is later used as a criterion in establishing the new funding arrangements proposed in the *Report of the PMSSR*: "In recognizing that both the province and the municipalities should participate in managing the social service system, the Committee believes that joint responsibility for effective and efficient operation of the system requires a financial commitment from both levels of government."

In the future this principle, as worded, could therefore be interpreted to mean that municipalities have some responsibility for any change or new program in social services and that this "joint responsibility" requires that both the province and the municipalities must participate financially.

AMO recommends that the term "joint responsibility" used in the principle should be changed to clearly define provincial and municipal roles:

**The provincial government has primary responsibility for the overall social services system and the municipal sector is committed to cooperating in the planning, administration and delivery of services in order to maximize the effectiveness and efficiency of the system.**

*Principle 5*

"Community involvement is an essential component of the planning and management of the social service system."

The PMSSR Committee noted there are several forms of community involvement. It may involve a range of participants in the planning process at the local level; it may involve the exercise of more authority over social services by municipalities since they are the level of government closest to communities. The *Report of the PMSSR* supported both of these as possible ways to encourage greater community influence and participation in the system.

The Report states that the purpose of community involvement is to ensure that local circumstances and needs are considered in the planning, development and provision of social services. Because of the diversity of municipalities, the means of achieving community involvement may vary.

*AMO's Position*

AMO has stated that a meaningful role for the municipal sector and all other bodies with planning interests now demands that a formal model for local planning be put in place. It also has supported a process which would encourage full public participation in deliberations. However, in accordance with the recognition that municipal governments are best able to reflect the needs of their communities, the interpretation of "community involvement" should be more specific in recognizing that the elected municipal council should be the focus for community consultation and planning:

**Community involvement, which is an essential component of the planning and management of the social service system, should be focused on the elected municipal council.**

*Principle 8*

"Fiscal realism should be recognized as an important factor in decision-making."

The *Report of the PMSSR* states that the system must be "affordable". It recognizes variation in fiscal capacity from municipality to municipality and that the municipal sector as a whole does not have the fiscal capacity to assume the same level of financial responsibility as the province. The best use must be made of limited financial resources recognizing that there are always competing priorities.

*AMO's Position*

The Association of Municipalities of Ontario recognizes the fiscal realities of changing the social services system. However, later in the *Report of the PMSSR*, as part of the methodology of financial analysis, the previous provincial government introduced its zero-sum strategy which states that proposed funding changes should not result in the provincial or municipal government having to pay an increased proportion of overall social service costs. While the *Report* does not make a direct connection between the principle of fiscal realism with the zero-sum strategy, the Association believes that this is one possible interpretation.

Secondly, as noted in the introduction, AMO's position is that reform of the social services system must be looked at in the broader context of the overall provincial-municipal financial relationship. This means that a fundamental restructuring of the provincial-municipal relationship is required and that a piece-meal approach to "fiscal realism" is inappropriate.

Therefore, AMO recommends that this principle be reworded to read:

**Fiscal realism should be recognized as an important factor in decision-making and this should be defined within the overall provincial-municipal fiscal relationship including the principle of disentanglement and not just within the budget of the Ministry of Community and Social Services.**

## 4 PMSSR BASIS FOR ASSIGNING ROLES AND RESPONSIBILITIES

*Defined Three Roles*

The *Report of the PMSSR* first sets out to differentiate responsibilities by breaking them down into three roles:

- Legislation and Policy Development: development of legislation, policies, programs and setting strategic directions, objectives, and standards for services across the province;
- Service Management: decision-making authority for quality and quantity of service in the context of available resources and in accordance with provincial legislative and strategic policy directions. This role would include responsibility for:

  - setting goals, objectives, and priorities for the service
  - developing local policy and program design
  - determining the means by which the service is delivered to its clients
  - planning for operations and resources, including setting priorities and making allocations
  - the establishment, control and monitoring of operating standards for the service, within provincial strategic directions
  - ensuring efficient and effective service delivery; and,

- Service Delivery: the day-to-day provision of specific services to clients.

*Organized Services into Five Service Envelopes*

For the purposes of assigning provincial and municipal responsibilities, the *Report of the PMSSR* then defines five service envelopes:

- children's services
- income and employment support services
- facility-based care for persons with developmental disabilities
- child care
- community-based support services

The PMSSR Committee used the following four considerations as a basis for grouping services:

- Identified packages of services which would benefit from integrated management that meet a range of similar needs in the community.

- Differentiated between institutions and community-based residential services, in the case of facilities for persons with developmental disabilities.
- Considered how services are evolving: e.g. phasing out of institutions and replacement with community-based accommodation.
- Considered the level of province-wide standardization in the service in relation to the latitude for local flexibility.

### *Identified Criteria for Effective Service Management and Delivery*

Finally, the *Report of the PMSSR*'s assessment of the most appropriate level of government to fulfil the service management responsibilities, included the consideration of its eight principles and the following specific characteristics attributed to effective service management:

- Integrated Service Approach: a spectrum of services should be managed and coordinated.
- Clarity and Disentanglement: there should be clear roles and responsibilities for all participants in the system.
- Local Authority or Provincial Regulation?: for those services for which local adaptation and control is appropriate, then service management should rest with the municipal level; for "services whose quality and quantity are heavily regulated by the province should usually be a provincial management responsibility, unless there is some overriding need for local management"[28]
- Community-Based Delivery: whether management is a provincial or municipal responsibility, service delivery should be community-based to the greatest extent possible.
- Experience and Success: should build on current success, historical experience and current expertise of participants in the system and change only if change offers a measure of improvement.

### *AMO's Position*

AMO agrees with the PMSSR basis for assigning roles and responsibilities and believes it is appropriate to use this basis in analyzing and developing specific recommendations for a new provincial-municipal relationship in social services.

# 5 ASSIGNING ROLES AND RESPONSIBILITIES

## 5.1 Legislation and Policy Development

**PMSSR Recommendation 1**

**The Ministry of Community and Social Services should be responsible for legislation and policy development for the social service system. This responsibility should be carried out in consultation with other participants in the system.**

***AMO's Position***

AMO agrees that legislation and policy development for the social services system should ultimately be the responsibility of the Ministry of Community and Social Services. However, in fulfilling this responsibility the Province must also accept that this requires consultation with other participants in the system, particularly municipalities, and that this consultation should be focused on the elected municipal council. However, effective consultation with the municipal sector cannot occur after policies and legislation have already been drafted.

For example, the previous provincial government's process for developing its policy for long-term care reform was not a process characterized by consultation. The main parameters of the reform were determined prior to consultation with the other participants in the system. The reforms are considered to be strategic directions for reforming long-term care and support services and "the starting points for reform as determined by the Ontario government."[29] While *Strategies for Change* denotes many areas of the proposed reforms as "for discussion" it remains unclear as to which sections are still open for negotiation. Municipalities are also concerned that part of the proposed reforms were already being implemented at the time municipalities were being consulted regarding the policy directions on long-term care.

The AMO Board of Directors expressed this in its resolution to the then Minister of Community and Social Services Charles Beer and has re-iterated this request to the new minister, the Honourable Zanana Akande:

> That the provincial government withdraw the *Strategies for Change* document and re-issue it as a discussion paper and that implementation plans for the reforms be immediately suspended. Furthermore, subsequent discussion should take place within the broader context of the PMSSR consultation process.

**A discussion paper allows for more effective consultation and input. A "two-toned" policy paper like *Strategies for Change* creates more questions than answers and excludes debate on important issues to municipalities.**

## 5.2 Municipal Structures: Responsibility for Service Management Role

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| **PMSSR Recommendation 2** | **In southern Ontario, the responsibilities of service management in the municipal sector should be carried out at the upper-tier level by regions and counties.** |
| **PMSSR Recommendation 3** | **Counties and separated municipalities in southern Ontario should develop cooperative arrangements for the service management role, either through mutual purchase-of-service arrangements or by joint committee structures.** |
| **PMSSR Recommendation 4** | **In northern Ontario, the responsibilities of service management in the municipal sector should be assumed by regions and district cities where they exist. In other areas, the Ministry of Community and Social Services should take on the role of service manager.** |

***AMO's Position***

The *Report of the PMSSR* notes that special consideration must be given to those parts of the province where municipal structures differ. In northern Ontario, the *Report* recommends that where there is a municipal government of viable size - either a region or a district city - then the municipality should take on the service management role. However, this recommendation, as stated, does not provide for municipal input into services management in Northern Ontario except in four district cities and one region. AMO recommends that the municipality should in all cases be in the prominent position; therefore, the MCSS should consult with northern municipalities to determine the most appropriate mechanism to insure municipal involvement in service management for those municipalities which are not district cities or a region.

In southern Ontario, there are a number of separated municipalities that provide their own social services and operate independently from the surrounding county municipalities. While recommendation 3 attempts to support a direction towards separated municipalities and counties working towards cooperative arrangements for the provision of social services, the recommendation should provide for those cases where this may not be possible. This recommendation, along with other recommendations in the *Report of the PMSSR* which pertain to the assignment of responsibilities to municipal governments, should allow for exceptions in cases of single tier municipalities which are not part of regions or counties.

## 5.3 Assignment of Provincial Service Management Responsibilities

The *Report of the PMSSR* assigns management responsibility to the province for the following service envelopes.

### 5.3.1 Children's Services

**PMSSR Recommendation 5**

**The Ministry of Community and Social Services should provide service management for the entire envelope of children's services, including child welfare. Municipalities should no longer be required to participate in the management of Children's Aid Societies.**

**PMSSR Recommendation 6**

**The role of voluntary-sector organizations as delivery agents of children's services should be preserved and encouraged.**

***PMSSR Report Rationale***

- Integrated Service Approach: children who come in contact with system have multiple needs requiring services from a variety of sources therefore need to manage these as one integrated package.
- Clarity and Disentanglement: municipalities should be relieved of their nominal role in child welfare in support of the intention to disentangle roles where possible.
- Local Authority or Provincial Regulation?: most services in this envelope require a high degree of provincial standardization and regulation; inappropriate for one standard for child welfare or treatment to prevail in one part of the province and another standard somewhere else.
- Community-Based Delivery: MCSS and voluntary-sector delivery recommended and to be determined by MCSS.
- Experience and Success: provincial historical experience and expertise and voluntary sector experience and success in delivery.

***AMO's Past Position***

In the past, AMO has recommended that these services be deemed a 100% provincial responsibility.

In *New Dimensions*, AMO also recommended that Children's Services Coordinating and Advisory Groups be eliminated, and their planning and coordinating function be assumed as part of the policy and priority setting function of the provincial government and social planning function of municipal government. In 1984, the Association noted the value of these groups and supported these advisory groups in those municipalities where they were requested by council, for a trial period not exceeding three years. In 1987, AMO suggested that advisory groups should be evaluated and stated that if the Children's Services Coordinating and Advisory Groups should remain, they should be 100% funded by the provincial government.[30]

*AMO's Position*

AMO agrees that the Ministry of Community and Social Services should provide service management and delivery responsibility for the entire envelope of children's services.

While recommending provincial service management responsibility, this does not prohibit continuation of local political input and involvement on the boards of Children's Aid Societies. For example, the CAS for the City of Belleville and the County of Hastings supports the MCSS assuming full financial responsibility but also has suggested that municipal involvement be maintained formally by continued, representative membership on the Society's Board of Directors. This is seen as a means of receiving input from the municipal sector on the development of local programs. AMO agrees that such involvement would also assist municipal governments in their consideration of other related issues.

### 5.3.2 Income Support Services

**PMSSR Recommendation 7**

The Ministry of Community and Social Services should have service management responsibility for a new integrated income support program that combines the existing General Welfare Assistance and Family Benefits Allowance programs.

**PMSSR Recommendation 8**

Special Assistance and Supplementary Aid should be part of the integrated income support program under provincial management.

*PMSSR Report Rationale*

- Integrated Service Approach: income and employment support should be in the same envelope due to importance of employment to income support clients trying to make transition to independence; also based on support of SARC recommendation for one income maintenance program.

- Local Authority or Provincial Regulation?: must be highly regulated and standardized and not conducive to local flexibility.

- Community-Based Delivery: could have local delivery.

- Experience and Success: referred to in the context of delivery; municipal delivery supported on basis of following arguments:

    - existing municipal experience and major commitment of personnel;
    - agree with SARC recommendations that delivery should be by single-tier, and should "capitalize on tradition of local government involvement, promote closer contacts with and accountability to the local community, be more responsive to community needs, allow for greater innovation, flexibility and accessibility, provide closer links to other social and employment services at the local level;"[xii]
    - therefore recommended mandatory municipal delivery; and
    - model service contract for administration of income support to address case load standards, staffing ratios, etc.

***AMO's Past Position***

In all of AMO's previous responses (to *Transitions*, AMO's Response to the *PMSSR Discussion Paper*, *New Dimensions*) the Association has supported a single income maintenance system which would integrate FBA and GWA programs. This one universally accessible income maintenance system would be completely funded by the federal and provincial governments.

***AMO's Position***

AMO agrees that the Ministry of Community and Social Services should provide service management for a new integrated income support program.

**PMSSR Recommendation 9**

**Income support services should be delivered by regions, counties, and northern district cities. Where these municipal structures do not exist, the Ministry of Community and Social Services may contract with District Welfare Administration Boards or with other agencies, or may deliver the program itself.**

***AMO's Position***

In AMO's response to the *PMSSR Discussion Paper* it noted that municipalities are one of a variety of agents for the delivery of social services and that they could act as potential delivery agents for services which are a 100% provincial responsibility.

AMO agrees that there are good arguments in support of municipal delivery such as the existing experience and expertise in GWA administration and major commitment of personnel at the municipal level.

AMO therefore agrees that municipalities should deliver income support services but that, as stated in the *Report of the PMSSR*, this is contingent on the ability of AMO and MCSS to reach agreement on a model service delivery contract discussed below.

As previously stated with regards to assigning responsibilities to the municipal sector, the MCSS should consult with municipalities to determine the most appropriate mechanism for municipal involvement in service delivery of income support for those municipalities in northern Ontario which are not district cities or a region. Secondly, exceptions should be made for single tier municipalities not located in northern Ontario which are not part of regions or counties.

**PMSSR Recommendation 10**

Negotiations between the Association of Municipalities of Ontario and the Ministry of Community and Social Services on a model service delivery contract for the income support program should begin immediately.

***AMO's Position***

As noted above, the *Report of the PMSSR* states that municipal delivery is contingent on the ability of AMO and MCSS to reach an agreement on a model service contract for the income support program. The model service contract is proposed to avoid lengthy contract negotiations between MCSS and every municipality and to promote better intergovernmental relations.

The model service contract is a pivotal issue; it will need to address the latitude the delivery agent would have to set caseload standards or staffing ratios. The model service contract would not be like that for the Integrated Homemaker Program which is locally negotiated. However, as some municipalities have stated, while a coordinated contract is desirable, local issues, specific to a municipality, must also have a vehicle whereby they may be presented and resolved.

AMO recognizes that the details of the contract are to be resolved at the stage of implementation and that once the model contract is agreed upon, municipal delivery would be mandatory across Ontario.

**PMSSR Recommendation 11**

**If no alternative program is developed in the near future to replace the provincial income support program for persons with disabilities, such clients should be served by the same delivery agent as other income support clients.**

***AMO's Position***

Currently municipalities do not deliver or cost-share income support to persons with disabilities. AMO agrees that if delivery responsibility for these persons is not assumed in a national disability and insurance scheme as recommended in SARC, then municipal service delivery should be extended to include delivery of income support to persons with disabilities. This concurs with the PMSSR rationale that clients should not be separated into different categories but that the system should move towards providing more generic services accessible to a broad range of clients.

### 5.3.3 Employment Support Services

**PMSSR Recommendation 12**

**Employment support services for income support clients should be managed by the Ministry of Community and Social Services in the short term. In the longer term, when these programs are more fully developed, municipal service management should be considered.**

***PMSSR Report Rationale***

- Integrated Service Approach: as described above; specifically here this also means that clients should not be separated into different categories but the system should move towards providing more generic services accessible to a broad range of clients.
- Local Authority or Provincial Regulation?: these programs do not provide a form of basic protection, they are not highly regulated, province-wide standardization and consistency of employment support programs are not needed. Amenable to community adaptation according to local priorities. Therefore recommend municipal management in the long term.
- Community-Based Delivery: deliverer should be same as that for income support where the agent could also provide service though purchase of services.

In the short term the *Report of the PMSSR* recommends that the status quo prevail since employment support services are in a period of transition; e.g. phasing out of sheltered workshops for persons with disabilities; and, current review of reform of Vocational Rehabilitation Services program based on SARC recommendations. However, in the long term, municipal management is recommended for consideration once these programs are more fully developed.

***AMO's Past Position***

In AMO's response to the *PMSSR Discussion Paper* and in *New Dimensions*, the Association identified employment support services as income support initiatives and therefore part of the income maintenance envelope. All of these programs were therefore considered as a provincial responsibility with possible municipal delivery.

Employment support services are those services provided specifically to GWA and FBA clients under such programs as the Employment Opportunities Program, which provides employment counselling, referral, work placement and other services.

Municipal management is proposed in the *Report of the PMSSR* for the long term because, unlike income support programs, these do not provide basic protection, are not highly regulated, and province-wide standardization and consistency of employment support programs are not needed.

***AMO's Position***

AMO agrees that the Ministry of Community and Social Services should manage employment support services for income support clients.

However, AMO does not agree with the *Report of the PMSSR*'s proposal that in the longer term municipal service management should be considered. The Association maintains its position that employment support should be more closely managed with the income support program since the two are basically serving the same client. In this way, AMO agrees with the *PMSSR Discussion Paper* that employment support is an "income maintenance-related" program. Therefore, municipalities should not be considered as possible managers of employment support in the future.

**PMSSR Recommendation 13**

The delivery agent for income support should ensure the provision of employment support services for income support clients, either by delivery or by purchase of service.

***AMO's Position***

As delivery agents for the income support program, AMO supports that municipalities are well positioned to deliver employment programs to income support clients. AMO agrees that the income support delivery agent typically identifies the need for employment support and, therefore, the municipality has the greatest knowledge of clients and their needs. Also by virtue of being closest to the community, the municipality can also identify the type of programs to directly deliver and the local community agencies from which to purchase these services.

However, there is one main issue to be resolved with this proposal. AMO has recommended that the Province maintain service management responsibility for employment support programs. Therefore, it should be the province's responsibility to ensure that the necessary level of employment support services and resources are available to meet demand, to identify gaps in services, to determine the means by which the service is delivered to its clients (either by delivery or by purchase of services), and to ensure efficient and effective service delivery as defined in the PMSSR definition of service management. Unlike the income support system which AMO has concurred should be delivered by municipalities, employment support programs are and will continue to be delivered by municipalities and community agencies. As only one of potentially several delivery agents, municipalities cannot ensure the provision of employment support services, but can advise the Province as to program needs and demands and the necessary resources required to meet these.

Employment programs such as Vocational Rehabilitation Services to persons with disabilities could also be delivered by municipalities, if, as discussed under the conditions in recommendation 11, income support to this client group is delivered by municipalities.

### 5.3.4 Facility-Based Care for Persons With Developmental Disabilities

**PMSSR Recommendation 14**

The Ministry of Community and Social Services should retain service management responsibilities for facility-based care for persons with developmental disabilities.

***PMSSR Report Rationale***

The Report recommends that these services remain a 100% provincial service since MCSS is in the midst of a multi-year plan to phase out these facilities and transfer residents to smaller, community residences or to supported independent living arrangements.

***AMO's Position***

AMO agrees that the Ministry of Community and Social Services should retain service management responsibility for facility-based care for persons with developmental disabilities.

As these services have been traditionally a provincial responsibility the Association has not commented on issues related to the management role. However, there have been significant impacts on municipalities as a result of the MCSS strategy to downscale and close Schedule I and II facilities. Many municipalities experience these impacts where agencies request additional funds for increased service demands arising from deinstitutionalized individuals (e.g. such as group homes, work activity programs, adult protective services workers program, lifeskill programs). The Province should, as manager of these services, address these impacts. Further discussion of these issues is contained in the section on funding.

## 5.4 Assignment of Municipal Service Management Responsibility

***Issues Related to Municipalities Assuming Service Management Role***

The assignment of management responsibility to the municipal sector has different implications which need to be brought into consideration.

The *Report of the PMSSR* only assigns a municipal financial contribution to those social services for which the municipal sector is assigned management authority. When the municipal sector is assigned management responsibility, it is also subject to the legislation and policy-setting standards of the provincial government.

AMO supports linking municipal service management with municipal cost-sharing. Through the PMSSR process municipal governments sought a disentanglement of responsibilities so that they will be accountable only for services over which they have substantial control. As stated in the *Report of the PMSSR*:

> From the municipalities' perspective, their role in the current system leaves them with the worst of both worlds. Legislative and regulatory obligations are imposed on them by Queen's Park and they are subject to provincial financial restraints, yet they are perceived in their own communities to be responsible for programs over which they have only minimal control.

Municipalities want the authority to manage both the quantity and the quality of services for which they are responsible, and they want to be guaranteed sufficient revenue to manage properly."[32]

The recommendations for municipal service management responsibility therefore raise two fundamental issues: a concomitant "required" financial contribution; and uncertainty as to the degree of management authority that municipalities will effectively have given the legislative and policy setting role of the province. The latter is of particular importance in light of one of the basic principles AMO supports in the *Report of the PMSSR*: "Authority must be commensurate with responsibility and accountability." If municipalities are to be held accountable for their actions and allocation of dollars for a service, then they must have clearly defined roles and responsibilities and have the authority to make decisions for the service.

The two envelopes for which municipal management responsibility is recommended are described to illustrate these fundamental issues.

### 5.4.1 Child Care Services Envelope

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| **PMSSR Recommendation 15** | Municipalities should be required to assume responsibility for service management of all child care services within their jurisdictions. |
| **PMSSR Recommendation 16** | The new provincial Child Care Act should provide for the transfer of appropriate management authority to municipalities. The municipal sector should be consulted before introduction of the new act. |
| **PMSSR Recommendation 17** | The Ministry of Community and Social Services should consult with the municipal sector on regulations and policies related to local management of child care services. |
| **PMSSR Recommendation 18** | Municipalities should continue to use a mix of child care delivery agents. |

***PMSSR Report Rationale***

- Integrated Service Approach: includes all centres and child support services such as parent resource centres. These services were separated from children's services envelope for two reasons:
  - Treatment, protection and detention of children at risk are qualitatively different services than child care.
  - Although both envelopes are highly regulated, child care services are very much community services.

- Local Authority or Provincial Regulation?: there is a need for a range of child care options in communities; it is important to allow communities to set their own priorities. It is "..subject to considerable regulatory control now, and this is not likely to diminish in the near future, given the high profile of this service and the heavy demand among the public for more accessible, affordable, and high-quality services. The Committee recognizes that child care services must be governed by provincial standards that ensure that the best interests of children are served. Having acknowledged the need for continuing provincial regulation, we also believe it should be possible for municipal service managers to be given sufficient authority over child care, within the ministry's legislative, regulatory, and policy parameters, to provide effective management of the services in their communities."[13]

- Community-Based Delivery: should continue to feature a variety of service providers within the community.

- Experience and Success: many municipalities have considerable experience and expertise and some have provided leadership in developing innovative programs.

### *AMO's Past Position*

In AMO's Response to the *PMSSR Discussion Paper* it supported that consideration should be given to the eventual inclusion of child care as a provincial responsibility. Such a decision by the province would satisfy the efforts of some to improve both the accessibility and affordability of child care province-wide, and it would similarly advance the promotion of child care as a universally-accessible service. In the interim, the Association recommended that this service be a provincial-municipal cost-shared program which would be discretionary to the municipality, and funded at a single fixed rate to be determined in negotiation with the province.

In AMO's report, *New Dimensions*, child care was deemed a provincial responsibility in that it should become an "essential" social program and that the provincial government should "legislate" and fund a minimum level of child care service across the province. It was also recommended that municipal governments could at their discretion administer child care programs in the community, on behalf of the provincial government.

**Even in the context of the previous government's lack of commitment to greater availability and universality of child care services, the Association questioned the level of provincial regulatory control and the possible decision-making authority municipalities would have as managers. Without a clear statement as to how municipal management authority would be defined in the new provincial *Child Care Act* it was difficult to fully assess the service management implications.**

### 5.4.2 Discussion of Implications to Municipalities Assuming Service Management Responsibility for the Child Care Envelope

***Current Municipal Involvement and Experience***

The *Report of the PMSSR* avoids the use of the terms "mandatory" or "discretionary" to describe municipal involvement. This has caused some confusion when individual municipalities have evaluated the recommendations for this service envelope. Many municipalities currently are involved in providing child care in their communities and do so at their discretion; that is, they choose whether or not to cost-share and directly provide these services. The intent of the *Report of the PMSSR*'s recommendation that municipalities "should be required to assume" service management responsibility for all child care services is interpreted to mean that the management and cost-sharing of child care will be a mandatory municipal responsibility.

Municipal management would include functions such as planning, licensing, inspections, monitoring, evaluation, community development, public information activities, administration of subsidies, etc. This would result in substantial cost increases to municipalities for administration such as staffing, office space and insurance (increased liability insurance would be necessary as a result of added responsibilities especially that of licensing).

Municipal involvement to date has been only with the subsidized system (40% of user group); municipalities would have to extend this to the other 60% of the system which includes the full fee users.

Also, involvement has been mostly with licensed centres; it would now include all centres, resource services, working with employers to promote child care activities, and working with other unlicensed services such as those at libraries, recreation centres, etc. Currently, of the full set of child care services offered, municipalities are not involved in the following:

- Approved Corporations
- Direct Operating Grants
- Start-Up Resource Centres
- Employment Support Initiatives

***Licensing Function***

Municipal management means the delegation of the licensing and enforcement function to municipalities. This would mean a shift to municipalities having general responsibility for the quality control of the whole system. Currently, pressure exists for consistency and therefore municipalities need to evaluate the extent the province may maintain overall control, guidelines, standard reporting, administration, appeal, and support role for training.

Some municipalities have questioned whether municipalities can licence their own facilities; if not, then the province may have to maintain some role. It is argued that this may be possible given that the legislative, policy setting role is already to stay with province and therefore the same could happen for licensing. However, this may conflict with the role of municipalities as managers. Alternatively, municipalities could divest themselves of those child care centres they currently operate or establish a separate licensing division. Therefore, while the licensing issue could result in a new function for municipalities there are possible alternatives to maintain an arms-length relationship between service provision and licensing.

***Provincial Legislation and Policy Standards: Degree of Provincial Control***

The rationale stated in the *Report of the PMSSR* suggests that in balancing equity and flexibility there should be sufficient room for municipal management authority for these services in the context of necessary provincial regulations. The extent of municipal management authority would be reflected in general versus intrusive legislation and policy setting standards by the provincial government. Several degrees of provincial control are possible:

- Should or will the provincial government set specific targets such as a minimum level of child care or strategic directions in its policy guidelines? If targets are set then will this run contrary to the intent of the *Report of the PMSSR* which says that for services whose quantity or quality are heavily regulated by the province then these should usually be a provincial responsibility?

- Should or will the provincial government take a more general approach that every community social service

**plan should identify levels of need and set local targets accordingly?**

- **Should or will the provincial government take a completely laissez faire approach and leave this to municipal discretion?**

The degree of provincial control in regulating the quantity and quality of child care services is raised as a significant issue by many municipalities. While the growth in the child population is predicted to decrease in the next decade, the impact of growing interest in and consumer demand for universal availability of day care and minimum levels of service will likely increase the demand for this service. If public demand is increasing for a minimum level of child care across the province then, in the future, it is possible that there could be charter challenges on access to and availability of child care services.

In *New Directions for Child Care*, the MCSS stated its intention to move to income-testing for subsidy, which will require only disclosure of income by clients; in addition to making the qualifying process less intrusive for clients, income-testing could result in standardization of eligibility criteria across the province. It also could increase the number of families eligible for subsidy.[34] The Association supported in principle the shift to income testing noting that this would likely amount to an increase in subsidy applications. Under such an expanded system, AMO expressed concern as to the ability of municipalities to finance their contribution from the property tax base.

AMO also noted in its response to *New Directions for Child Care* that the Association broadly supported initiatives to expand the supply and improve the accessibility of child care. AMO recommended that capital for municipal child care centres and direct grants be funded 100% by the province; that municipal participation in child care be encouraged but remain discretionary; and that the provincial government assume a greater proportion of the cost of child care subsidies.

In 1990/91 the Provincial Government effectively put the recommendations of *New Directions for Child Care* on hold by freezing funding for child care, limiting budget allocations and suspending its commitment to further planning for the development of child care services.

Finally, more schools are providing day care centres with the Ministry of Education becoming increasingly involved. This suggests a second provincial ministry beginning to be involved in the provision and operation of these services.

### *New Government's Child Care Policy*

AMO recognizes that the new provincial government supports a move towards universal, province-wide accessibility to and standardization of child care. The provincial government indicated its commitment to this policy in its *Agenda for the People* where funding was proposed for 10,000 new non-profit child care spaces and for subsidies on 10,000 spaces in each of the next two years, at a total cost of $240 million.

As noted above, AMO had questioned the potential degree of municipal management authority under the previous provincial government's policies; now, AMO submits that it is even more uncertain as to the possible scope of municipal management responsibility especially if the new government will be looking at legislating a minimum level of child care services across the province.

Endorsement of the recommendation for municipal service management responsibility for the child care envelope requires that municipalities must be assured that they will be able to be effective managers. If municipalities are to assume this responsibility, as noted in the *Report of the PMSSR*, then it is important that municipalities have a voice in the ongoing revision of provincial regulations and directions that will govern their management of child care. There must be mechanisms whereby municipalities can influence the development of the parameters within which they will operate, and there should be consultation before the introduction of new regulations or policies affecting child care.

### *Summary and Conclusions*

The main implications to municipalities assuming service management responsibility for the child care envelope are:

- Current municipal involvement would have to be extended to include full fee users, resource centres, employment support initiatives, etc.
- The delegation of licensing and enforcement of standards for child care centres to municipalities needs further consideration although possible options are available to maintain an arms-length relationship between delivery and licensing functions.

- It is unclear what level of provincial regulatory control and policy setting standards will be exercised and what the scope of municipal management responsibility will be. Municipalities need to be assured of sufficient decision-making authority in determining the quantity and quality of services as described in the definition of service management proposed in the *Report of the PMSSR*.

- The new provincial government's support for universal, province-wide accessibility to and standardization of child care raises new questions which AMO believes it needs to address with the government to determine what these policies will mean for the proposal for municipal management of child care services.

***AMO's Position***

AMO suggests it is necessary to re-examine the PMSSR recommendations for this service envelope in order to assess, among other issues identified above, the implications of the new provincial government's policy on child care and its impact on municipalities assuming management responsibility for these services. Therefore, AMO recommends further consultation in the form of a provincial-municipal working group to resolve these issues prior to AMO endorsing the recommendation for municipal management of child care.

### 5.4.3 Community-Based Support Services

**PMSSR Recommendation 19**

Municipalities should be required to assume responsibility for service management of community-based support services in their jurisdictions, with the following exceptions:

- The Ministry of Community and Social Services should retain service management responsibilities for community-based accommodation and support services for persons with developmental disabilities until the current phase of the MCSS multi-year plan is completed, at which time management should be assumed by the municipal sector.
- Municipal management of the Integrated Homemaker Program should be considered only when program directions are resolved.

**PMSSR Recommendation 20**

Any proposed change in the long-term care system that would substantively affect the municipal service management of community-based support services should be subject to further discussions between the Ministry of Community and Social Services and the municipal sector.

**PMSSR Recommendation 21**

The new omnibus Community Services Act being developed by the Ministry of Community and Social Services should provide appropriate authority for municipal service management for the community-based support services envelope. The municipal sector should be consulted before the introduction of the new act.

**PMSSR Recommendation 22**

**Municipalities should be given authority to regulate, license, and inspect rest homes if they choose to do so.**

### *AMO's Position on the Regulation of Rest Homes*

Provincial regulations are necessary to establish standards for service across the province and therefore regulation should be a provincial responsibility. AMO welcomes the new provincial government's proposal to enact laws to regulate and establish quality of care standards for rest and retirement homes. Therefore, AMO's position is that the recommendation should exclude "regulation" and state that municipalities should be given the authority to license and inspect rest homes if they choose to do so.

**PMSSR Recommendation 23**

**The Ministry of Community and Social Services should consult with the municipal sector on regulations and policies related to management of community-based support services.**

**PMSSR Recommendation 24**

**The role of voluntary-sector organizations as delivery agents of community-based support services should be preserved and encouraged.**

### *PMSSR Report Rationale*

- Integrated Service Approach: Report states that by combining services such as home-based care for elderly persons, services for persons with a wide range of disabilities, and services for socially disadvantaged people into a single service envelope, that this will create the opportunity to manage similar services servicing different categories of client in an integrated way.

- Local Authority or Provincial Regulation?: is conducive to local management since the need for different kinds of community-based support services varies from community to community. Municipalities best able to assess local circumstances and manage a continuum of care for elderly persons that ranges from home care to residential facilities.

- Community-Based Delivery: the range of services have a community focus as they assist local residents to live as independently as possible in either their own homes or in alternative accommodation within their own communities.

- Experience and Success: municipalities have a history of involvement in a number of these services.

#### *AMO's Past Position*

In AMO's Response to the *PMSSR Discussion Paper* the Association divided this envelope into three (as originally set out in the *PMSSR Discussion Paper*). Services for Elderly Persons were identified as a provincial responsibility; services for Disabled Persons currently 100% funded by the province would continue to be 100% provincial responsibility; and, all other services would be provincial-municipal cost-shared programs which would be discretionary to the municipality, and funded at a single fixed rate to be determined in negotiation with the province.

In AMO's report, *New Dimensions*, the Association took a slightly different approach; it separated out Municipal Homes for the Aged and all extended care and residential services (housing) as a provincial responsibility. Municipal delivery and administration were deemed valuable but should be permissive and 100% funded by the province similar to the municipal administration of the municipal non-profit housing program. Community Support Programs (Elderly Persons Centres, Homemakers and Nurses Services, Home Support Program) were deemed a provincial-municipal responsibility, and therefore the program should be delivered through a conditional or a block grant on a cost-shared basis.

In specific *New Dimensions* recommended the retention of the provincial-municipal cost-sharing for these community support programs for seniors. Municipal involvement in community support programs for seniors would be permissive. Furthermore, it also urged the government to establish a uniform all inclusive cost-sharing program for community-based programs for seniors and for all client groups.

In AMO's *Report on One Stop Access* it supported coordination of services to seniors; provincial responsibility for delivery and funding of community-based programs for seniors; and that municipalities have the option to serve as a delivery agent for such services on a full cost recovery basis.

### 5.4.4

### Discussion of Implications to Municipalities Assuming Service Management Responsibility for the Community-Based Support Services Envelope

#### *Current Municipal Involvement in Community-Based Support Services*

Like in the child care envelope, all municipalities will have to extend their involvement to numerous services and agencies they did not previously have a direct relationship with. The greatest level of municipal involvement with services in this envelope has been in Homes for the Aged (currently mandatory). All other programs are discretionary and therefore many municipalities have not been involved in the past. For example, the provincial government provides funding and support for violence crisis counselling services in all counties (27); only seven counties are currently involved in funding this service. Similarly, the provincial government is involved in emergency housing in 8 counties, with only 1 county currently involved. In the Region of Halton, for example, this will mean extending its involvement to include 41 additional agencies and organizations such as Charitable Homes for the Aged, elderly persons centres, etc.

As noted there has been little municipal involvement in services to persons with developmental disabilities. These services include, for example, Attendant Care, Attendant Care Outreach Program, Mental Health Services, Developmental Services, Group Homes, Interpreter Services, Residential / Institutional services, and Resource Centres. Municipal involvement to date has been mainly through income support; accommodation in domiciliary hostels or rest homes through purchase-of-service contracts; and some services through programs for the elderly (home support, home care, and homemakers and nurses services programs).

### *What is the Definition of "Community-Based Support Services"?*

The *Report of the PMSSR* states that the wide range of services in this envelope are all characterized by their community focus. These services provide community accommodation, supported independent living arrangements, supports to individuals and families, and community information. However, the *PMSSR Discussion Paper* noted that there is no agreed upon definition of community-based support services. Both the broad spectrum of services contained in this envelope and the vagueness of the definition of services suggest that this envelope can accommodate a vast range of new services in the future. And, as outlined below, in response to demographic change and public policy initiatives, demand for services with a community focus will also likely continue to increase and lead to the further expansion of this envelope.

### *Growth in Community-Based Support Services*

It is clear that changing demographics will have a substantial impact on demand for services in this envelope. As indicated in the *Report of the PMSSR*, although the aging of the population as a whole has already begun, the real impact is yet to come. As Table VII on the following page illustrates, there were approximately one million seniors in 1986 constituting 11% of the province's population; it is projected that they will account for approximately 16% by 2011. This growth is and will likely be experienced in varying degrees across the province. For example, in Dufferin County the population of seniors in 1986 was 3,355, or 10.3% of the population and is projected to be 6,260 or 13.4% by 2011. In comparison, Metro Toronto had about 250,000 seniors in 1986 or 11.5% of the population which is expected to rise to over 440,000 or 17.8% of the population by 2011.[33]

**Table VII** Population Projections for 65+ Age Group: 1986 and 2011

| | Ontario | | Metro Toronto | | Dufferin County | |
|---|---|---|---|---|---|---|
| | 1986 | 2011 | 1986 | 2011 | 1986 | 2011 |
| Pop'n 65+ | 993,900 | 1,850,800 | 252,155 | 444,500 | 3,355 | 6,260 |
| % of Total Pop'n | 10.9% | 15.6% | 11.5% | 17.8% | 10.3% | 13.4% |

Coupled with this is an increasing public policy emphasis on community living arrangements and community supports. Deinstitutionalization and long-term care reform are two examples of provincial initiatives which require the expansion of community-based support services. AMO has argued that the deinstitutionalization of individuals to community-based facilities and services has not been accompanied by the necessary provincial government resources to provide alternative living arrangements and has therefore put additional cost and management pressures on municipalities. Similarly, the proposals for long-term care reform infer a "no-growth" in beds policy for long-term care facilities and an expanded system of in-home and community support services. Again, it is unclear as to whether the provincial government will allocate the necessary dollars and resources to meet the service needs of those individuals not admitted to long-term care facilities.

### *Cost Implications*

*Strategies for Change* notes that provincial costs in long-term care services are now about $2 billion and expected to climb with the increase in the elderly and physically disabled populations.[34]

The Ministry of Health recently stated that "in the last ten years, the cost of health care has risen by 63.4%, while the provincial economy has grown by only 42.7%. In 1988, we spent almost $13 billion on health care - one third of the entire provincial budget."[37] In comparison, MCSS accounted for $3.3 billion or 10.1% of provincial expenditures (1986-87) and in 1987-88 $3.7 billion or 10.6%.

As discussed in the section on child care, there are additional costs to municipalities for assuming management role for this envelope of services: workload increases, staffing requirements, office space (social services, finance and legal departments all likely to be affected). Therefore municipal administration costs would likely increase substantially.

### *Community-Based Services Not a Means to Reduce Provincial Financial Commitments*

These issues raise additional concerns. As noted previously, public policy initiatives regarding deinstitutionalization were not coupled with the necessary resources and support services at the community level. It has also been expressed that while the provincial government is philosophically committed to the principles of community-based services it should not see this as simply a way to reduce deficits and further privatize the system. AMO has expressed concern about the increasing propensity of senior governments to pass on responsibilities without making provision for adequate and continued funding. Community-based services should not be seen as a way to reduce expenditures but to offer the potential to make better use of existing resources; not a means of reducing the provincial government's overall commitment of resources to social services or of containing the escalating costs of recent years; and not a panacea for the crisis in health and social services:

> "A public policy commitment to developing community-based health and social services must be accompanied by parallel commitments to organizational change and changes in funding priorities. To adopt the policy without assuring the means for its operation is to pass responsibility while keeping the buck."[38]

### *Management Responsibility and Decision-Making Authority*

A final point for consideration is that, even given the necessary resources, and as stated with respect to the child care envelope, municipalities must be assured of sufficient decision-making authority if they are to assume management and cost-sharing responsibilities.

Some have suggested that senior government plans to devolve responsibility for social issues to local governments are more a means to pass a politically unpopular buck than to empower people and produce the best solutions to social problems."

For example, with increased municipal responsibility for planning, management and delivery, the municipality will be accountable to both the provincial government and local residents. The municipal government will be the most visible level of government and likely to be held most accountable for programs and services even though they are only part-funders and part-decision-makers.

The value of being closest to the community also means increased pressure to be more accountable for services, to set standards and guidelines and to monitor programs more closely than has been done in the past. This could result in greater accountability when the system does not work as it is supposed to and issues get publicly challenged. As noted previously, with a growing emphasis on community living and community support programs, this envelope will likely see the largest growth, increased demand and consequently increased pressure on municipalities as managers to meet needs.

To address these issues, it should be ensured that municipalities have sufficient decision-making authority in those service areas where they are managers; accountability can only be achieved through disentanglement coupled with the necessary authority for making decisions.

The definition of service management provided in the *Report of the PMSSR* includes decision-making authority for the quality and quantity of the service within the context of available resources and in accordance with provincial legislative and strategic directions. What this service management role means to the diversity of programs within the community-based support services envelope is not clear.

Finally, there are also competing arguments for more provincial control of standards for community-based support services. In addressing the issue of provincial control of community-based support services, representatives from the voluntary sector have expressed concern with municipal management of this envelope. Some have argued that this will require provincial guidelines and standards so that a municipality cannot "shirk" its responsibilities for fulfilling minimum standards. Otherwise, this will further shift the social services system towards one characterized by "have and have not" areas in the province and a return to the historical problem of municipalities not being able to respond to social services needs (which is why in many cases the province interfered in the first place).

### *Summary and Conclusions*

In summary, the main implications to municipalities assuming service management responsibility for the community-based support services envelope are:

- Many municipalities have little involvement and experience with the large number of programs and agencies involved in this envelope.
- The lack of clarity in the definition of what "community-based support services" are, and the broad spectrum of services that this envelope is proposed to encompass, can lead to the addition of a new array of services in the future.
- Demographic change and public policy initiatives have and will continue to lead to an expansion of need and demand for these services.
- Senior government policy initiatives which are moving towards more community-based services must be accompanied by adequate funding and not seen as a way to reduce expenditures.
- Finally, there are many concerns with respect to what the service management role will mean to municipalities; municipalities must be assured of sufficient decision-making authority if accountability is to be achieved.

The foregoing discussion is based on the configuration of the community-based support services envelope developed in the *Report of the PMSSR*; however, as previously noted, during the consultation process on this report, the previous government released its policy, *Strategies for Change: Comprehensive Reform of Ontario's Long-Term Care Services*. The following section attempts to explain the major impact this policy has on the PMSSR recommendations for the community-based support services envelope and how this has lead to AMO's recommendations for this service envelope.

## 5.4.5 Analysis of Community-Based Support Services Envelope and the Impact of Long-Term Care Reform

### *Release of Provincial Governments Policy Paper for Long-Term Care Reform*

*Strategies for Change* announces a policy direction for the reform of the long-term care system in order to develop a coordinated system of health and social services for the elderly and physically disabled.

*Strategies for Change* does not explicitly address the municipal role in the long-term care system or identify how the services will be managed, planned or funded between the province and municipal governments in light of the recommendations for service management, planning and funding put forward in the *Report of the PMSSR*.

While AMO had been aware of the province's work on long-term care reform, AMO and municipalities were not involved in the development of the proposed strategies. Also, since *Strategies for Change* does not discuss how these reforms will work under the management system proposed in the *Report of the PMSSR*, municipalities and AMO are uncertain as to what this means for the PMSSR recommendations.

### *What is the "Interface" Between the Report of the PMSSR and Strategies for Change*

*Strategies for Change* is a "program" review and deals with program and delivery issues but does not address the management, funding, and planning recommendations proposed in the *Report of the PMSSR*. However, it does establish an "integrated and decentralized management structure" for the long-term care services system; this is to achieve a coordinated, connected system of services managed by one authority.

#### *Management Authority*

In the short term it is proposed that this authority be the joint structure of the Community Health and Social Services Division; in the long term, "the provincial government is interested in moving toward a greater local management of human services. It recognizes, however, that policy and program reform of long-term care is necessary before responsibility can be transferred to the local level of authority."[illegible]

As discussed above, the *Report of the PMSSR* also proposes a community-based support services envelope which is managed by one authority and recommends that this authority be the municipality.

### *Some Long-Term Care Services Overlap with Community-Based Support Services*

Many of the programs and services in the long-term care system "overlap" with those in the PMSSR community-based support services envelope. For example, home-based care and community-based residential care services are in both service groups (see table on following page).

### *Management-Funding Principle*

A key concept in the *Report of the PMSSR* is the linking of management authority with funding responsibility. As discussed previously the logic of municipalities assuming some funding responsibility for the community-based support services envelope is based on municipalities having management authority for these services.

### *Integrated Services With One Manager*

The logic of the long-term care system of services is that these services should be managed by one authority so that there is better integration and coordination of services, etc. for long-term care recipients; presumably it is not desirable to split the long-term care system of services between different managers. Also, some home-based services are proposed to be consolidated into one in-home support program.

If municipalities are to manage those long-term care services which overlap with the community-based support services envelope then by this logic they would have to manage the whole set of long-term care services. Also, since a key concept in the *Report of the PMSSR* is the linking of management authority and funding responsibility, municipalities would also have to partly fund these long-term care services.

Alternatively, if municipalities are not the manager of the long-term services then they cannot manage those services in the community-based support services envelope which overlap with the long-term care system.

### *Possible Models for Community-Based Support Services Envelope*

AMO has attempted to determine the impact of the long-term care reforms on the community-based support services envelope. In discussion with Ministry of Community and Social Services staff, it has become clear that the following two options are possible models for integrating long-term care reforms with the community-based support services envelope:

MODEL A: **Expanded Community-Based Support Services Envelope**

- to include all existing services in community-based support services envelope and all long-term care services

MODEL B: **Two Envelopes: Long-Term Care and Community-Based Support Services**

- community-based support services envelope to exclude all programs overlapping with long-term care system

***AMO Seminar on the Interface Between the Report of the PMSSR and Strategies for Change***

AMO held a one-day seminar for its members on October 2 to explore the implications of these two possible models of long-term care services in the context of the PMSSR community-based support services envelope.

Participants expressed a clear message that further consultation and discussion is required before the implications can be worked out. This result is a reflection of the dissatisfaction as to the actions of the previous government in releasing a policy paper on long-term care reform without consultation and one that puts into question the plausibility of the PMSSR recommendations.

Participants also voiced a lot of concern regarding the proposed enhanced role of DHC's in *Strategies for Change*, and special purpose bodies in general due to their lack of political and social accountability to the community. Alternatively, most suggested that municipalities should have a strong role in the long-term care system especially in planning, coordinating and delivering services. On the issues of service management and funding, too many outstanding questions remain as to the specifics of long-term care reform for any conclusions to be made on these roles.

However, staff of the MCSS provided some information to clarify the issue of funding, stating that the province will fund 100% of net costs for provincial standards of services for all long-term care programs and that municipal contributions may continue to be made on a discretionary basis to maintain municipal standards for services. This lends support to Model B which potentially excludes municipal involvement in long-term care in management and funding; alternatively, in terms of future municipal involvement, it also suggests that one of the devolved models discussed in the context of the Premier's Council on Health Strategy is possible (as discussed in the following section).

## PROPOSED: LONG-TERM CARE AND COMMUNITY-BASED SUPPORT SERVICES ENVELOPE

| Long-Term Care Services | Community-Based Support Services Envelope |
|---|---|
| Province is system manager<br>System Management could be transferred to a local authority, upon maturity | Proposes municipal system management |
| Long-Term Care Facilities | Accommodation with Care |
| Homes for the Aged<br>Nursing Homes<br>Chronic Care | **Homes for the Aged**<br>Domciliary Hostels<br>Community Accommodation for Persons with Developmental Disabilities* |
| | Transitional Care |
| | Halfway Houses / rehabilitation program |
| | Emergency Housing |
| | Emergency Shelter and Assistance Program<br>Family Violence Shelters/counselling<br>Hostels and Emergency Shelters |
| In-Home Services | Home-Based Care |
| Home Care<br>Integrated Homemaker Program<br>Homemakers and Nurses Services<br>Home Support Program - Homemaking<br>Outreach Attendant Care | **Integrated Homemaker Program ***<br>**Homemakers and Nurses Services**<br>**Home Support Program - Homemaking**<br>**Outreach Attendant Care**<br>Attendant Care<br>Protective Services Worker Program<br>Support Services and Lifeskills for Persons with developmental disabilities * |
| Community Support Services | Community/Family Support |
| Home Support Program<br>Day Programs: Elderly Persons' Centres<br>Volunteer Programs | **Home Support Services**<br>**Elderly Persons' Centres**<br>**Volunteer Programs**<br>Community and Neighbourhood Support Services |
| Specialized Programs | Counselling |
| Day Hospital Program<br>Regional Geriatric Programs<br>Alzheimer's Community Support Services<br>Services for Persons With Sensory Impairments | Counselling Services for Victims of Family Violence<br>Municipal Purchase of Counselling Services<br>Ministry Purchase of Counselling Services<br>Credit Counselling |

Programs in bold typeface are those which overlap.

* Exceptions: The Ministry of Community and Social Services should retain service management responsibilities for community-based accommodation and support services for persons with developmental disabilities until the current phase of the MCSS multi-year plan is completed, at which time management should be assumed by the municipal sector.
Municipal management of the Integrated Homemaker Program should be considered only when program directions are resolved.

MCSS suggested that as a second scenario, if municipalities are to manage long-term care programs as part of the community-based support services envelope then cost-sharing is implied and this ratio would require review. This suggests Model A, an expanded community-based support services envelope.

Participants noted that any funding or management options would have significant implications to municipalities and therefore further consultation and analysis are necessary.

Despite not being able to come to a final set of answers, participants clearly expressed a message that it is necessary to find a means to move forward and seek solutions to avoid the perceived "impasse" reached as a result of *Strategies for Change*. AMO has attempted to do this in the recommendations which follow in the next section.

### 5.4.6 Long-Term Care Reform: Support for Devolution of Responsibilities to Special Purpose Bodies?

*Strategies for Change* proposes the possibility of four agencies/government bodies having some responsibility for the long-term care system:

- service access organizations (SAO)
- district health councils
- Community Health and Support Services Management Offices (MCSS/MOH)
- municipalities

Long-term care reform therefore introduces a new local body (SAO) and gives an enhanced planning role to an existing special purpose body for the majority of community-based support services envelope (DHC's).

***District Health Councils***

The primary responsibility of district health councils is to identify local needs, evaluate alternatives, establish priorities, and plan a comprehensive health care program within the policies, guidelines and standards established by the Ministry of Health.[41] Discussions between the Ministry and district health councils have been looking at strengthening their role in areas such as the planning for human resources, inter-district planning, and planning for services which integrate both health and social service needs. In this regard, it is proposed that there is a need for a community-based health and social services integrated system.

An enhanced role for district health councils is described in *Strategies for Change* to include:

- a continued advisory role in the allocation of funds, expanded to include advice on capital and the reallocation of existing funds;
- the identification of human resource requirements for local health services;
- the strengthening of area-wide planning (beyond individual district boundaries); and
- the integration of health and social service planning and the exploration of ways to co-ordinate local service delivery."[42]

This role contradicts the *Report of the PMSSR* which recommends an enhanced planning and management role for municipalities in social services for the elderly and physically disabled and community-based services in general.

### *Service Access Organization*

The role of the service access organization is described as follows:

- to receive referrals by consumers, informal caregivers, professionals, and other service providers;
- to provide service information, and referral to other services as appropriate;
- to arrange or provide functional and social assessment where appropriate;
- to develop and coordinate individual service plans with individuals and their family members or friends;
- to manage resources for assessment and coordination of services, and to purchase in-home services as indicated by service plans;
- to provide access to long-term care facility services; and,
- to coordinate waiting lists and set priorities for needs.

*Strategies for Change* states that the service access organization may not currently be a direct service provider. This position is said to prevent consumer perception of conflict of interest. AMO's position is that the province must distinguish between a local agency and local government: municipalities are another level of government and should not be barred from sponsoring the SAO. If the SAO is the municipality then it is already accountable by virtue of being made up of elected representatives.

### *AMO's Position on Special Purpose Bodies*

A key principle in the *Report of the PMSSR* is that the complexity of the social services system interferes with the proper accountability of the system and its understandability. The principle in the *Report of the PMSSR* that "Authority must be commensurate with responsibility and accountability" speaks to this; if municipalities are to be held fiscally accountable then they must have clearly defined responsibilities and have the authority to make decisions for the service. AMO has long argued that the presence of special purpose bodies both interferes with this accountability and the understandability of who is responsible and making decisions for the health and social services system.

Special purpose bodies are not duly elected and accountable to the public; the current structure of DHC's does not incorporate any accountability for policy or funding decisions to an electorate. The Association believes that the proliferation of special purpose bodies reduces the ability of elected officials to establish council priorities and to control municipal expenditures.

In general, AMO's position is that persons elected to municipal office should be responsible for the establishment of local policy and spending of funds and thereby strengthen the elected municipal council as the principle local decision-making administration.

Insofar as municipalities are part-funders in the services in the long-term care system, the delegation of responsibilities to service access organizations and district health councils removes some of the municipal councils control over the allocation of funds and planning for services and renders the system less accountable to the public.

In sum, *Strategies for Change* assigns responsibilities to a new provincial division and to special purpose bodies. Municipal involvement, while mentioned, is not considered in the short-term and vaguely referred to when the report states that responsibilities could be passed to a local authority in the future. This approach reflects policies on devolution represented in a series of recent provincial government reports. The following illustrates how long-term care reform represents not only a program change but also a statement on future possible models of local management.

### *MCSS 1990 Corporate Plan: Devolvement and Divestment*

The Ministry of Community and Social Services' *1990 Corporate Plan* states the Ministry's policy of moving planning and decision-making closer to the community with the involvement of the community in setting local priorities." It's strategy is stated as:

> Continue to explore options for devolvement and divestment to local authorities, within an acceptable accountability framework. Develop policies that clarify the Ministry's intentions and the future roles of local governments, communities, and agencies within the larger context of community empowerment."

The *1990 Corporate Plan* further expressed that the relationship between the provincial government and the community is centred on the generally accepted principle that municipalities and funded community organizations should be the primary providers of human services in Ontario and should provide leadership at the local level.

However, the MCSS has clearly illustrated in its recent decisions regarding an enhanced role for DHC's that community involvement in the setting of local priorities for community-based health and social services is to occur through special purpose bodies and not locally elected municipal councils.

*Premiers Council on Health Strategy*

The broad mandate of the Premier's Health Council is to advise the provincial government on how it might achieve a healthier Ontario; more specifically this includes the mandate to "establish priorities and to build consensus for change in partnership with health care providers and community representatives".

A discussion paper produced by the Council's Integration and Coordination Committee looked at optional models for "locally based entities" which would be responsible for comprehensive planning, management, allocation of funds for an integrated and coordinated range of health and social services, within an overall provincial fiscal and policy framework.

The paper explores three possible "devolved" models for health and social services (devolution to local authority as opposed to decentralization to local provincial offices as represented in Community Health and Support Services Management Offices (MCSS/MOH)). A major assumption is that the process of "divestment" of services from the provincial to the local level will likely continue to occur given the general direction of the province to reduce its direct service role.

A second significant point is that the paper defines roles and responsibilities of these bodies in exact same terms as the *Report of the PMSSR* defines the management role.

The first model is called an enhancement of current structures. It is similar to that proposed in long-term care reform of 14 new joint MCSS and Ministry of Health management offices followed later by devolution of authority to a Health and Social Services Commission (voluntary boards appointed by province or special purpose body). This model starts with decentralization and then leads to devolution; the paper concludes that this therefore may be easier to support in the short term but it defers devolution to the longer term.

The second model is called the local government approach; this involves devolution of the same provincial government functions to a local government entity, building on upper tier boundaries. This would be done through an executive committee or health and social services committee of council. The paper identifies one benefit of allowing cross-integration with other service areas such as education, transportation, etc. It also points out that province may not want to devolve functions and resources to such a magnitude to a local government because it would lose control and accountability. It also runs the risk of inequitable distribution of services and some local governments may resist responsibility.

The third model is that of the special purpose body. This devolves the same provincial government functions to 14 local health and social service authorities with boards composed of consumers, providers, and management, all appointed by the provincial government. This model permits full devolution early but does not build on existing structures and therefore requires significant infrastructure and change.

The foregoing raises two fundamental questions when attempting to understand the implications of long-term care reform on the community-based support services envelope. One is that in examining possible devolved models to local authorities, local governments are compared to special purpose bodies. And, the PMSSR service management definition is used in describing the role of the local authority. It is therefore proposed that a special purpose body could be the manager of these services and not be involved in cost-sharing. This may either mean that the management function is perceived to be purely administrative or that for a local authority to manage these services does not require a financial contribution. However, as outlined above, the linking of management authority with financial commitment is a key principle of the *Report of the PMSSR*.

*AMO's Position*

It should be stated that AMO, in principle, supports the benefits of devolving responsibilities to the local level in order to improve the efficiency and effectiveness of health and social services to meet the growing and changing needs of the province's communities. However, AMO is concerned and critical that the proposals for devolution of responsibilities to local authorities as represented in *Strategies for Change* and in the work of the Premier's Council has not involved discussion and consultation with municipalities. Furthermore, decisions have been made for the assignment of some of these responsibilities to special purpose bodies while municipalities continue to be government funders and providers of some of these services. As noted previously, this is in contradiction with the *Report of the PMSSR* which recommends an enhanced planning and management role for municipalities in social services and possibly health services.

Municipalities, in conjunction with the provincial government, are involved in the funding, delivery, and planning of several long-term care health and social services. As government partners, the municipal sector should also be involved in developing the necessary management structure for reform of the long-term care system which would include planning and the allocation of funds. In fact, the PMSSR process is a successful precedent for this.

AMO therefore suggests that the proposal to transfer responsibility for the management of the system to a local authority be examined in consultation with the municipal sector and in the context of the principles and framework proposed in the *Report of the PMSSR*. In this response AMO has attempted to start doing this, but a broader consultation with the provincial government is necessary to clarify and resolve outstanding issues and concerns.

In sum, municipalities are partners with the provincial government and they should be consulted as a key government level involved in reforms.

Finally, if municipalities are to accept the recommendations for service management and funding responsibility for the community-based support services envelope then clearly the above-noted conflicts must first be resolved.

AMO suggests it is necessary to re-examine the PMSSR recommendations for this service envelope in light of the policies put forward in *Strategies for Change* which may lead to further negotiations with the province in accordance with the proviso contained in the *Report of the PMSSR* Recommendation 20:

> Any proposed change in the long-term care system that would substantively affect the municipal service management of community-based support services should be subject to further discussions between the Ministry of Community and Social Services and the municipal sector.

In accordance with this position, AMO's response to *Strategies for Change* recommends deferral of consideration of responsibilities for managing, funding, and planning long-term care services to the PMSSR process. Therefore, AMO recommends further consultation in the form of a provincial-municipal working group to resolve these issues prior to AMO endorsing the recommendation for municipal management of community-based support services.

## 6 PMSSR BASIS FOR A NEW FUNDING FRAMEWORK

*Basis For Assigning Funding Responsibility*

In deciding where that financial commitment is to be made, the committee looked at the service envelopes, and applied its general principles to five "characteristics of effective funding":

- Linking Service Management Authority and Financial Responsibility: to ensure that cost-sharing and authority are linked there should be a relationship between service management and financial contribution.

- Provincial Regulation with Local Flexibility: in those service envelopes managed by municipalities provincial guidelines should allow sufficient latitude for substantial local management control over both service development and costs. The province should provide sufficient resources to implement regulations and standards that it chooses to enforce.

- Municipal Fiscal Capacity: need to acknowledge capacity of municipal sector in general to pay for open-ended programs based on need (e.g. GWA); and, varying ability to pay among municipalities.

- Simplification: reduce complexity of funding arrangements.

- Future consultations: need to implement formal mechanism for regular provincial-municipal consultation to deal with future changes in program development and their impact on cost-sharing.

### *Methodology of Financial Analysis*

The Committee first took into account the provincial zero-sum strategy:

> "The provincial position is that any proposed funding changes should not result in either the provincial government or the municipal government having to pay an increased proportion of overall social service costs. Should new funding arrangements result, for example, in the province paying a greater share of total costs, offsets would have to be found in other municipal transfer payments - outside the social service system - to balance accounts."

The municipal representatives on the PMSSR Committee responded that this strategy was a serious constraint to the Committee deliberations. The arguments against this were summarized as:

- the municipal sector believes it should contribute less overall to social services; while it was acknowledged that this review was not intended to result in any massive intergovernmental fiscal transfers, it was felt that strict adherence to the zero-sum strategy does not address the problem of the existing imbalance in the current system;

- municipalities do not want to be tied to paying a fixed percentage of an ever-increasing financial obligation over which they have limited control; and,

- concern was expressed about the strategy's financial impact on the municipal sector as a whole and on individual municipalities.

### *AMO's Past Position on Cost-Sharing Arrangements*

#### *SARC*

The zero-sum strategy was essentially also part of the SARC recommendations; SARC recommendation 198 stated:

> "Appropriate adjustments should be made in provincial-municipal cost-sharing arrangements to ensure that there is no major windfall to local governments from changes in cost-sharing of social assistance allowances and benefits."

In AMO's response to *Transitions*, the Association stated that "the creation of a more just system of provincial and municipal roles and responsibilities through rectifying current inequitable cost-sharing arrangements does not constitute a "windfall" to municipalities." Furthermore the Association stated rectifying inequitable funding arrangements which currently rely on an inappropriate revenue source, the municipal property tax base, should be viewed as a fundamental step in correcting a current imbalance in the provincial-municipal financial relationship.

AMO also noted that the "parameters" of determining a windfall are critical. The Association questioned how any financial readjustment should be measured :

- within the expenditures for social assistance alone; or,
- within all social service expenditures; or,
- within the total provincial-municipal transfer payment system; municipalities may appear to gain a "windfall" if only expenditures on social assistance are calculated, but municipalities may in fact be facing a financial shortfall if total expenditures are taken into account, including the shifting of other provincial programs onto the property tax base.

At the time, AMO expressed concern that the burden of funding social assistance from the property tax base may merely be replaced by new mandatory provincial programs. For example the Association mentioned that the SARC proposal that child care be made mandatory could have serious financial implications.

### *Revenue-Sharing*

As noted earlier, AMO's previous reviews of the social services system were based on the premise that funding responsibility should be shifted off the property tax base and into the provincial realm where access to a more progressive, income-based revenue exists.

In May 1990, AMO re-iterated this to the previous provincial government and urged that the Province should assume full financial responsibility for the social assistance system as soon as possible. Furthermore, as summarized in the Background Discussion section of this response, AMO has stated its position that the Province and the Association should enter into discussions immediately to develop a revenue-sharing act similar to that in other provinces. AMO has suggested that this is fundamental to achieving the reforms of other review processes such as the recommendations of the PMSSR, long-term care reform, and the forthcoming recommendations of the *Advisory Committee to the Minister of Municipal Affairs on Provincial-Municipal Financing Matters*.

*AMO's Position*

The Association of Municipalities of Ontario agrees with the "Basis for Assigning Funding Responsibility" as stated in the PMSSR Report. However, the Association rejects the "methodology of financial analysis" as represented in the provincial zero-sum strategy and endorses the municipal position put forward by its representatives on the PMSSR Committee as stated in the *Report of the PMSSR*.

AMO recently requested the new Minister of Community and Social Services, the Honourable Zanana Akande, to also reject the zero-sum strategy imposed by the previous provincial government on the PMSSR deliberations thereby acknowledging the potential for improved funding for municipally cost-shared social services.

In developing an alternative "methodology of financial analysis" the Association recommends consideration of the following:

- The municipal sector is not looking for massive intergovernmental transfers but rather for adjustments to the current imbalance in the provincial-municipal financial relationship.
- The need to acknowledge the limited capacity of the municipal sector in general to pay for open-ended programs based on need such as general welfare assistance.
- The limitations of the property tax which make it an inappropriate source of revenue to fund social services. The tax is seen to be inflexible to changing needs; it is unresponsive to increased demands during periods of declining economic performance; it is insensitive to the generation of income; and, it does not relate predictably to an ability to pay, often requiring proportionally greater demands on the less wealthy municipalities than on the wealthy. Therefore, in terms of capacity, AMO has stated that municipalities' ability to finance social services is severely constrained

and therefore the funding responsibility for social services should be shifted off the property tax base and into the provincial realm where access to a larger, more progressive revenue base exists.

- The municipal sector cannot accept the existing costs for social services which continue to increase as a percentage of total municipal expenditures.

Finally, the assignment of new municipal funding and management responsibilities should occur in conjunction with the development of a revenue-sharing act, an essential pre-requisite for continued municipal cost-sharing of social services.

## 7 PROPOSED NEW FUNDING ARRANGEMENTS

### 7.1 Assignment of Provincial Funding Responsibility

Based on the positions put forward with respect to service management responsibility, the Association endorses and recommends the following funding responsibilities for the provincial government.

### 7.1.1 Children's Services

**PMSSR Recommendation 25**

The Ministry of Community and Social Services should assume 100 percent of the costs of children's services, including those provided by Children's Aid Societies.

***AMO's Position***

AMO agrees that the Ministry of Community and Social Services should assume 100 per cent of the costs of the children's services envelope.

### 7.1.2 Income Support Services

**PMSSR Recommendation 26**

The Ministry of Community and Social Services should assume 100 percent of the costs of the allowances and benefits of an integrated income support program, including the full costs of Special Assistance and Supplementary Aid.

**PMSSR Recommendation 27**

Because the issue of cost-sharing administration of the income support program has not been resolved, this matter should be addressed by the Ministry of Community and Social Services and representatives of the

**municipal sector. An agreement should be reached that takes into account the new framework of responsibilities recommended in this report.**

***AMO's Position***

AMO agrees that the Ministry of Community and Social Services should assume 100 per cent of the costs of allowances, benefits and administration for a new integrated income support program.

In all of AMO's previous responses it has recommended that income support should be a 100% provincial responsibility including the full costs of administration.

On the issue of cost-sharing of administration AMO's position is clearly stated in the *Report of the PMSSR*. The Association has expressed its opposition to this based on the principle of disentanglement, which says that municipalities should not cost-share in any programs over which they have no decision-making authority.

Some municipalities have expressed support for a contribution towards administration costs based on the arguments that this is necessary to maintain cost efficiencies and accountability in the delivery system and a "bargaining" voice for municipalities in decision-making.

AMO has stated it should have input and a "voice" in provincial policy, program and rate-setting decisions by virtue of the municipal sector's involvement in and commitment to service delivery which should alone justify full participatory input, as should the existence of municipal expertise and experience in delivery.

The Association has stated that the formal involvement of municipalities in the decision-making processes affecting service delivery, planning and policy are essential, and of significant benefit to provincial interests.

AMO therefore has recommended that all administration costs incurred by municipalities in the delivery of income support services should be funded 100% by the province with administration covered in a model service contract as discussed previously.

### 7.1.3 Employment Support Services

**PMSSR Recommendation 28**

**Funding arrangements for employment support services should remain unchanged in the short term. In the longer term, if management of employment support services is assumed by municipalities, consideration should be given to adjusting the cost-sharing at that time.**

***AMO's Position***

In accordance with AMO's position that the province should assume service management responsibility for employment support services, AMO recommends that the MCSS should therefore assume 100 per cent of the costs of these services to income support clients.

As stated previously, AMO has identified employment support as part of the income maintenance envelope and therefore considered this as a 100% provincial funding responsibility. As with income maintenance, the Association has recommended that municipal delivery and administration costs be 100% provincially funded.

### 7.1.4 Facility-Based Care for Persons With Developmental Disabilities

**PMSSR Recommendation 29**

**The Ministry of Community and Social Services should continue to fund 100 percent of the costs of facility-based care for persons with developmental disabilities (Schedule I and II facilities).**

***AMO's Past Position***

In AMO's response to the *PMSSR Discussion Paper* and in AMO's *Report on Deinstitutionalization* it was noted that the gradual shift towards community-based facilities and services for discharged psychiatric patients, the elderly, the corrections sector, the developmentally handicapped and others have put additional cost and management pressures on municipalities. Therefore, the shift to greater municipal responsibility has already been occurring. The impacts have been particularly felt in larger municipalities which have a stock of larger, older homes that can be easily converted to boarding or lodging houses and in many municipalities within the catchment areas of provincial psychiatric hospitals. (Facility-based care institutions generally serve populations beyond the jurisdiction of local municipalities; when closed, the host community will likely be the location of community-based facilities and therefore municipalities will continue to be impacted disproportionately.)

While this envelope remains a 100% provincial responsibility, institutions within this category are being phased out or down-sized and replaced with community-based accommodations and support services. Therefore this envelope is gradually shrinking.

If municipalities have management and delivery responsibility for the community-based services envelope then this means increased municipal responsibility and funding of social services to persons with developmental disabilities over time. In the long term this could also imply a funding shift from 100% provincial to provincial-municipal cost-sharing.

***AMO's Response***

AMO agrees that the Ministry of Community and Social Services should continue to fund 100 per cent of the costs of facility-based care for persons with developmental disabilities. AMO proposes that the funds currently spent by the provincial government on these facilities should be re-allocated to ensure that there is sufficient funding for community-based support services for those individuals who are de-institutionalized.

### 7.2 Assignment of Municipal Funding Responsibilities

AMO recommends deferral of the recommendations for municipal funding responsibility for the child care and community-based support services envelopes. This recommendation is based on the following considerations:

- As described earlier, AMO has recommended further consultation to resolve issues related to the assignment of municipal management responsibility for these envelopes.

- The proposals for new cost-sharing formulas put forward in the *Report of the PMSSR* were restricted to recommending changes within a zero sum framework for the social services system. Consequently, it can be assumed that both the assignment of management responsibility to municipalities and the concomitant assignment of a cost-sharing ratio and contribution were influenced by this criterion. With AMO's rejection of the zero sum framework it is therefore necessary to establish an alternative funding framework.

- In establishing an alternative funding framework we will soon have access to a set of recommendations for comprehensive financial reform; just as the PMSSR process proposed a rationalization of responsibilities and cost-sharing within the social services system, the report of the *Advisory Committee to the Minister of Municipal Affairs on Provincial-Municipal Financing Matters* extends this to the full realm of provincial-municipal responsibilities.

- Finally, a major concern to AMO is that the financial data used as a basis for analysis in the *Report of the PMSSR* is inaccurate in its reflection of present municipal expenditures and out-of-date particularly in light of the proposed long-term care reforms, the implementation of SARC reforms, and the rising social assistance costs experienced in the past year.

Therefore, AMO proposes the following interim funding arrangements for these envelopes.

### 7.2.1 Child Care Services

**PMSSR Recommendation 30**

The Ministry of Community and Social Services and municipalities should cost-share child care services on a 75-25 basis.

*AMO's Position*

The assignment of funding responsibility for child care services should remain unchanged until management responsibility is resolved. During the developmental stages of a new provincial *Child Care Act* the status quo should therefore be maintained. In the future, however, if these services are to come under municipal service management, then consideration could be given to adjusting cost-sharing at that time along with the development of a revenue-sharing act, an essential prerequisite for municipal management and funding responsibility for this envelope.

### 7.2.2 Community-Based Support Services

**PMSSR Recommendation 31**

The Ministry of Community and Social Services and municipalities should cost-share community-based support services on a 75-25 basis, with the following exceptions:

- Provincial responsibility for funding community-based accommodation and support services for persons with developmental disabilities should continue until the completion of the current phase of the MCSS multi-year plan. At that time, these services should become part of the community-based support services envelope, which is cost-shared by municipalities.

- **When strategic directions and financial impacts of the Integrated Homemaker Program (IHP) are clarified and implementation is more fully matured, funding arrangements should be reviewed.**

*AMO's Position*

The assignment of funding responsibility for all community-based support services should remain unchanged until management responsibility is resolved. During resolution of issues related to long-term care reform the status quo funding arrangements prior to the capping of extended care beds should therefore be maintained. In the future, however, if these services are to come under municipal service management, then consideration could be given to adjusting cost-sharing at that time along with the development of a revenue-sharing act, an essential prerequisite for municipal funding responsibility for this envelope.

## 7.3 Cost-Sharing for Capital and Operating Costs

**PMSSR Recommendation 32**

The province and the municipalities should cost-share capital expenditures in social services at the same ratio as operating expenditures.

*AMO's Position*

AMO agrees with the introduction of a single, fixed cost-sharing ratio which is applied to all services for which there is municipal service management and is the same for capital and operating costs.

## 7.4 Community Grants

**PMSSR Recommendation 33**

The Ministry of Community and Social Services should make appropriate per-capita grants to municipalities to assist in the provision of community grants to voluntary-sector organizations.

*AMO's Position*

AMO supports that community grants should be maintained as an important contribution towards local innovation and locally-specific services.

However, AMO recommends that the province must ensure that programs are in the first place adequately funded so that these grants are not used as base funding for services. Also, in order to fully assess this, further details and clarification of how this would be administered is required.

## 7.5 Implementation

**PMSSR Recommendation 34**

**An implementation plan should be developed to phase in new funding obligations for municipalities.**

*AMO's Position*

AMO agrees that a phasing-in mechanism should be developed to ensure no additional costs to municipalities as new cost-sharing arrangements are introduced. The implementation plan should be developed according to the recommendations in section 9 of this response (Implementation of a New Provincial-Municipal Framework of Roles and Responsibilities).

## 7.6 Appeal

**PMSSR Recommendation 35**

Municipalities with service management responsibilities should have the right under certain circumstances to appeal their share of social service costs to the Ontario Municipal Board or a similar independent body. The appeal mechanism and the criteria on which an appeal could be based should be developed as part of the implementation plan for the proposed funding arrangements.

*AMO's Position*

This recommendation allows for an appeal to municipalities who have service management responsibilities whereas, as noted previously, recommendation #4 excludes northern municipalities outside of district cities from the service management role. However there is no provision to exempt northern municipalities from costs.

Therefore, AMO recommends that recommendation #35 be changed to indicate that all entities required to share costs should have the right to appeal those costs.

Also, some municipalities have expressed concern that this recommendation is not specific as to how the appeal process would occur and what criteria would be used to judge validity of an appeal (very broad criteria are stated in the *Report of the PMSSR*). In addition, some municipalities have expressed concern with the OMB as the appeal body.

AMO suggests that there should be consultation with the municipal sector in the future as to what the appeal body should be. However, AMO recognizes that these issues need to be addressed as part of the implementation process.

## 7.7 Resource Equalization Mechanism

**PMSSR Recommendation 36**

**The provincial government, in consultation with the municipal sector, should develop a new and more effective resource equalization mechanism for municipalities that adequately takes into account the costs of social services and municipal fiscal capacity.**

*AMO's Position*

AMO is concerned that this mechanism has not worked in the past and it may never be possible to come up with an equitable and "workable" formula; therefore, the differential impact of new cost-sharing arrangements on municipalities may still result in net gains and losses. In principle though AMO agrees that any new mechanism should not take away support from wealthier municipalities to provide greater support for those with limited capacity; the funds should come from provincial revenue sources.

It is also difficult to assess this recommendation as it is non-specific, however, AMO recognizes that resolving this issue was surely beyond the scope of the PMSSR. AMO suggests, as recommended in other parts of this response, that this issue should be addressed in the context of the *Report of the Advisory Committee to the Minister of Municipal Affairs on Provincial-Municipal Financing Matters* (further recommendations with respect to this are made in section 9 of this response).

## 7.8 Provincial Funding Allocations and Decisions

**PMSSR Recommendation 37**

**Provincial funding allocations for programs cost-shared with municipalities should be sufficiently flexible to permit local priority-setting within service envelopes.**

*AMO's Position*

Flexibility in budget allocations is essential if municipalities are to have any real authority as service managers. As articulated previously, the role of the service manager requires decision-making authority on the quality and quantity of service in the context of available resources and in accordance with provincial legislation and strategic policy directions. The success of this will depend on the extent that municipalities are consulted with respect to the setting of provincial policy for those envelopes which have municipal management and cost-sharing responsibilities and that the provincial strategic directions are flexible enough to permit setting local priorities and allocation of resources.

The recommendation states that provincial budget allocations should be done on the basis of service envelopes, where possible, in order to allow municipalities the flexibility, as service managers, to allocate provincial funds according to local needs and priorities. A similar concept of funding is proposed in *Strategies for Change* which proposes a single, comprehensive local budget for in-home and community support services. While the *Report of the PMSSR* does not indicate how the budget allocations would be determined, *Strategies for Change* suggests the use of key indicators and community profiles to determine the level of need for community services. In response to this, AMO has recommended that these indicators should not be based on population and that there should be a number of indicators incorporated in the determination of the local budget for each community.

Clearly, further consideration of this is especially necessary for the community-based support services envelope which consists of a diversity of programs and criteria for funding.

**PMSSR Recommendation 38**

Provincial funding decisions should be made in time to allow for effective planning and budgeting of services at the local level.

*AMO's Position*

AMO has long argued that the differing fiscal years of the province and municipal sector causes great difficulty and that provincial funding decisions need to address this. Under existing conditions, sometimes municipalities are well into their own fiscal years before they find out whether the province will continue to fund a program they are delivering or whether there will be program changes that will have an impact on municipal budgets.

## 8 PMSSR BASIS FOR A NEW PLANNING APPROACH

*Characteristics of Effective Planning*

The PMSSR Committee recommended that an effective planning process should include the following:

*Coordination*

The planning process should be the point of contact between service envelopes; managers would plan for their particular service envelopes but there should be an opportunity through a community plan to look at priorities across the system. It would not replace the planning role of the manager of a service envelope.

***Planning Role of the Manager of a Service Envelope***

The service manager would do the detailed operational planning for the services within the envelope. This planning process would include participation by a range of funders, providers, and users of services.

For example, under the recommendations of the *Report of the PMSSR* municipalities would do the operational planning for community-based support services. The community social service plan would not change the operational plans for the service envelopes but it could comment on how these plans fit within broader community priorities for social services.

*Collaboration*

The planning process should involve all key players actively in the development of a community social service plan.

*Links to Related Services*

Social services should be linked to the broader area of human service planning and there should be ways of responding to needs that cross jurisdictional lines.

*Provincial Directions and Local Flexibility*

Planning must occur within the limits of the provincial government's broad strategic directions and policies and provincial priorities should reflect plans and priorities set by local community plans.

Communities should have the flexibility to design their own specific structures for the local planning process building on the success of existing structures.

*AMO's Position*

The Association agrees with these characteristics of effective planning and that these should serve as a basis for a new planning approach for social services.

## 8.1 Community Social Services Plan

**PMSSR Recommendation 39**

A community-based planning process for the social service system should be established in communities across Ontario.

**PMSSR Recommendation 40**

The community social service plan should recommend community priorities, based on identification of needs and in the context of fiscal realities. It would include the plans of the various service managers and should serve to advise service managers and funders.

**PMSSR Recommendation 41**

The community social service plan should be a long-range plan with priorities identified within a three - to five - year cycle, with an annual updating of priorities. The plan should be forwarded to the Ministry of

Community and Social Services. MCSS should review and respond to all community social service plans.

*AMO's Position*

AMO has supported that a formal model for local planning needs to be put in place and agrees with the PMSSR recommendations pertaining to this.

## 8.2 Planning Area for the Community Social Services Plan

**PMSSR Recommendation 42**

The planning area for the community social service planning process should be the existing boundaries of regions, counties, and districts, and should include all lower-tier municipalities, including separated municipalities, within those boundaries. Consolidation of the planning process in two or more counties or districts should be encouraged where such consolidation would strengthen the process.

*AMO's Position*

AMO agrees that the existing boundaries of regions and counties should constitute the boundaries for community social service planning purposes.

However, the existing boundaries of some districts were set in the last century and existing transportation links, dispersal of population and service patterns do not relate to the existing district boundaries. Since this recommendation calls for utilizing existing district boundaries for planning purposes, there is concern in the north that the district plan will have little meaning and will be difficult to implement. Therefore, as previously recommended, AMO proposes that the MCSS should consult with northern municipalities to determine the most appropriate boundaries for community social service planning purposes in northern Ontario. In addition, exceptions should be made for single tier municipalities not located in northern Ontario which are not part of regions or counties.

## 8.3 Responsibility for Preparation of Community Social Services Plan

**PMSSR Recommendation 43**

Municipal government at the level of regions and counties should be responsible for preparation of a community social service plan. Where these municipal structures do not exist, the Ministry of Community and Social Services should determine the most appropriate community planning structure for social services.

*AMO's Position*

AMO agrees that responsibility for the preparation of a community social services plan should be municipal governments at the level of regions or counties.

AMO also believes there is no "one" planning model for all municipalities in the province; the various examples provided by the PMSSR committee illustrate the diversity of ways in which the planning function is currently carried out. While AMO has recommended throughout this response that the locally elected municipal council should be the focus of a community planning process, this does not exclude councils from using an external agency such as a social planning council to advise and complete the social services plan and report directly to council. Alternatively, the planning body could be a committee of council which would report directly to and be accountable to the upper tier government.

One of the *Report of the PMSSR*'s principles states that community involvement is an essential component in planning the social service system. This recommendation assigns planning responsibilities to regions and counties where they exist with the Ministry determining the most appropriate structure for those parts of the province where these structures do not exist. However, several districts have higher populations and greater experience in consolidated social services than some existing counties.

Therefore, as previously stated, AMO recommends that the MCSS should consult with northern municipalities to determine the most appropriate mechanism for the production of community services plans for northern communities. Secondly, exceptions should be made for single tier municipalities not located in northern Ontario which are not part of regions or counties.

In line with this recommendation, AMO proposes adding the words "with consultation" to the second sentence after the word "determine".

## 8.4 MCSS Strategic Plans and Community Social Services Plans

**PMSSR Recommendation 44**

The Ministry of Community and Social Services should ensure that its strategic plans and policy guidelines are effectively communicated so that they can be considered in community social service plans. Communication should be done in a timely manner, consistent with local planning and budget processes. The Ministry should have regard, in its own strategic planning and budgeting processes, for the social service priorities of communities across Ontario.

***AMO's Position***

AMO has clearly stated the importance of consultation on provincial strategic plans and policy guidelines throughout this response, with the example of the previous government's release of *Strategies for Change* as a major example of lack of consultation. Therefore, AMO concurs with the PMSSR Committee that the province as service manager must address community planning priorities for the planning process to be effective.

### 8.5 Participants in Community Planning Process

**PMSSR Recommendation 45**

Development of the community social service plan should involve all the key players, including representatives of the provincial government, municipal governments, the voluntary sector, other service providers, users of services, and other citizens.

***AMO's Position***

As stated previously, the planning process should be focused on the local elected municipal council with this process open to many alternative models and applications for community involvement of all key players to be determined by municipalities.

### 8.6 Coordination and Links with other Community Services

**PMSSR Recommendation 46**

The community planning process for social services should be coordinated with planning for community health services.

**PMSSR Recommendation 47**

Consideration should be given to establishing planning links with other related service bodies such as school boards, housing authorities and corporations, transit authorities, recreation departments, post-secondary educational institutions, and correctional service agencies.

***AMO's Position***

The PMSSR Committee recommended that links should be established between social services and the broad array of human services and that the first logical place to start is with community health services. Therefore, social service planning in communities should be coordinated with planning for community health services.

Some have suggested that the community planning process should have an equally strong link with the education system as with the health system given the increasing involvement of schools in the provision of day care.

The Committee expressed some concern with regards to the proposed enhanced planning role for district health councils; in the *Report of the PMSSR* it is stated that this means of achieving integration of health and social service planning focuses on DHC's, MCSS and Ministry of Health staff, and appears to exclude municipal governments. The PMSSR Committee recommended that municipalities, with their broad community perspective, should play a key role in planning for community health and social services.

AMO agrees that the creation of these linkages is important and that municipalities are best situated in order to achieve this. The recommendation should therefore be reworded to state that consideration must be given to establishing planning links. In addition, AMO also agrees with the PMSSR Committee that the planning for community health and social services should not be under control of DHC's. The DHC model has not been satisfactory in meeting standards of accountability, nor in achieving effective coordination in the planning of services or with creating links with other human services. Finally, DHC's are also criticized as being a barrier to direct accountability at the provincial level.

**PMSSR Recommendation 48**

The Ministry of Community and Social Services should link its strategic planning and priority-setting for social services with provincial strategic planning for community health and other related services. Coordinated plans, directions, and initiatives developed through links between MCSS and other ministries should be communicated to the local level.

***AMO's Position***

AMO concurs that the linking of strategic planning between ministries is also a necessary criterion towards achieving clearer lines of provincial accountability and coordination of planning.

### 8.7 Cost-Sharing of Community Social Services Planning

**PMSSR Recommendation 49**

The Ministry of Community and Social Services and the municipal sector should share the costs of community social services planning on a 75-25 basis.

***AMO's Position***

AMO agrees with the PMSSR basis for a new planning approach and believes it is appropriate to use this basis in developing specific recommendations for a new municipally-focused comprehensive and integrated process for human service planning in regions, counties and districts of the province.

However, as stated earlier in response to the "methodology of financial analysis, the proposals for new cost-sharing formulas put forward in the *Report of the PMSSR* were restricted to recommending changes within a zero-sum framework for the social services system. Consequently, it can be assumed that the assignment of a cost-sharing ratio and contribution were influenced by this criterion. With AMO's rejection of the zero sum framework it is therefore necessary to establish an alternative funding framework.

Pending resolution of the cost-sharing for this function, as an interim measure this should be funded on an 80% provincial and 20% municipal basis. This funding arrangement will permit those municipalities wishing to initiate a planning process to proceed in assuming this role and function as soon as possible.

Also, as stated in other parts of this response and in the Association's response to *Strategies for Change*, AMO proposes that municipal councils should be directly involved in the planning of long-term care reforms in their communities and in the preparation of implementation plans for a final agreed upon PMSSR framework of responsibilities for social services. Since long-term care reforms are already being implemented and since any new PMSSR framework will require substantial adjustments in local communities, AMO proposes that this recommendation should be implemented as soon as possible.

## 8.8 Planning Boundaries and Information

**PMSSR Recommendation 50**

Provincial government ministries concerned with social services and other related services should, wherever possible, use similar geographical boundaries that should correspond to the boundaries of regions, counties, and districts.

**PMSSR Recommendation 51**

Compatible planning information should be developed for all human services, starting with social services and community health.

***AMO's Position***

AMO supports these recommendations in that if all provincial ministries involved adhere to the same boundaries as those proposed in the *Report of the PMSSR* (counties, regions, districts) then this should lead to better coordination between ministries and alleviate confusion. However, again special provision needs to be given to the unique situations in northern Ontario and for those cases of single tier municipalities that are not part of regions or counties.

### 8.9 Relationship to other Planning Processes

**PMSSR Recommendation 52**

**All municipalities should ensure that there is a process for managing the relationship between land use planning and planning for social services and other related services in communities.**

***AMO's Position***

Many municipalities are currently involved in managing the inter-relationship between planning for land use or physical services and planning for social services. AMO suggests that the proposal that municipalities prepare community social service plans will assist in more explicitly addressing this interrelationship.

## 9 IMPLEMENTATION OF A NEW PROVINCIAL-MUNICIPAL FRAMEWORK OF ROLES AND RESPONSIBILITIES

### 9.1 Implementation Framework and Team

**PMSSR Recommendation 53**

**The Ontario government and the municipal sector should reach agreement on implementation of a new provincial-municipal framework as soon as possible. When agreement to proceed has been reached, an implementation team, with provincial, municipal, and voluntary-sector representation, should immediately be established by the province to plan and coordinate the implementation process.**

***AMO's Position***

One lesson learned from the SARC process is that this will require sustained political commitment to see this through the long phases of implementation. However, AMO wishes to re-iterate the sense of urgency conveyed by the PMSSR Committee to proceed with implementation as soon as possible.

The Committee also expressed the necessity that the recommendations be implemented as a package in order to maintain the "balance" arrived at in the PMSSR. It furthermore recommended that only once an agreement has been reached to move ahead with a new framework, as a package, then an implementation team should be established by the province to work out detailed planning, including staging.

In response, AMO requests that the new government recognize that the PMSSR "balance" was one sought within a zero sum framework within the social services system. AMO has alternatively put forward in the past, and now in response to the *Report of the PMSSR*, that creating a more just system of provincial-municipal roles and responsibilities is necessary towards rectifying inequitable funding arrangements which currently rely on an inappropriate revenue source, the municipal property tax, and that this should be viewed as a fundamental step in correcting a current "imbalance" in the provincial-municipal financial relationship. AMO therefore rejects that implementation must occur as a package in order to maintain a "balance".

Therefore, while AMO has proposed throughout the previous pages that much remains to be resolved prior to the adoption and implementation of a final framework of provincial-municipal responsibilities, the Association recommends that, in the interim, an implementation team can be struck to begin developing an implementation process for those recommendations that the AMO and the province support. As pointed out, many of these outstanding issues are related to the fact that several reviews affecting provincial-municipal programs and roles and responsibilities have been occurring simultaneously: the *Report of the Provincial-Municipal Social Services Review*, Long-Term Care Reform (*Strategies for Change*), the Premier's Council on Health Strategy[45], AMO's report *New Dimensions*, the soon to be released report of the *Advisory Committee to the Minister of Municipal Affairs on Provincial-Municipal Financing Matters*, etc.

AMO raised its concern about these numerous concurrent reviews to the previous government at its meeting with Cabinet in May 1990 and at a subsequent meeting in June with the Ministers of Municipal Affairs and Treasury and Economics. The then Minister of Municipal Affairs, the Honourable John Sweeney, proposed a "Next Steps Committee" to address the proposals and implications of these various initiatives.

AMO's president recently confirmed with the Premier of Ontario, the Honourable Bob Rae, that such a joint senior staff committee will be immediately struck consisting of two representatives each from AMO, the Ministry of Municipal Affairs, and the Ministry of Treasury and Economics. The committee will develop a small number of alternative scenarios for a fundamental reform of the provincial-municipal transfer payment system. AMO recommends that this committee resolve financial issues related to the proposed realignment of roles and responsibilities for social services within the context of the overall provincial-municipal fiscal relationship.

However, in making this proposal AMO also wants to stress to the new government that financial reform of the social services system cannot be delayed to the final outcomes and deliberations of such a process. Sufficient evidence and support already exist for removing the funding responsibility for social assistance off the property tax base -- both *Transitions: the Report of the Social Assistance Review Committee* and the *Report of the PMSSR* recommend this.

AMO also believes that steps must be taken as soon as possible to provide some relief to municipalities for the current financial demands of rising social assistance costs which are creating considerable financial hardship for many municipalities and forcing some to cease funding local discretionary social services programs needed by their constituents. AMO therefore proposes the following as the Association's initial priorities for the implementation of social services reform:

1. That the provincial government move towards assuming 100% of the costs of income support services as soon as possible.

2. That in conjunction with the next provincial budget, the provincial government assume 100% of the funding responsibility for the children's services envelope.

AMO would like to re-iterate its earlier suggestion that an implementation team be struck as soon as possible; this team can develop a strategy to implement the above recommendations and begin developing an implementation process for those recommendations that AMO and the Province support.

## 9.2 Phasing

**PMSSR Recommendation 54**

Implementation of new provincial-municipal responsibilities should be staged in a way that does not substantially place at a significant fiscal disadvantage either the province or the municipal sector as a whole.

***AMO's Position***

AMO's position is as stated with respect to recommendation #53.

## 9.3 Human Resource Considerations

**PMSSR Recommendation 55**

Because of the impact on staff of shifts in provincial-municipal roles and responsibilities, and in the interest of minimizing disruption to people working in the system, human resource considerations must be given the highest priority by the implementation team. Staff and their representatives must be involved in this process. Specific issues to be addressed by the implementation team include labour relations and human resource strategies, strategies for staff retraining, and timetables for implementation.

***AMO's Position***

AMO agrees with this recommendation that changes must be planned and managed well to minimize disruption and anxiety for both staff and clients and that the implementation team should take a lead in developing labour relations and human resource strategies that would assist both municipal and MCSS staff.

## 9.4 Service Management Assistance to Municipalities

**PMSSR Recommendation 56**

The Ministry of Community and Social Services, the Association of Municipalities of Ontario, and the Ontario Municipal Social Services Association should provide assistance to municipalities that request help in acquiring greater expertise in service management.

***AMO's Position***

AMO supports this recommendation and that steering groups conducting county restructuring studies should be asked to examine the implications of social services reforms.

## 9.5 Development of New Legislation

**PMSSR Recommendation 57**

The Ontario government should expedite the development of new legislation required to implement this report.

***AMO's Position***

Clearly, a substantial number of legislation would be affected by the PMSSR recommendations and AMO concurs that the province should expedite this as fast as possible.

## 9.6 Consultation

**PMSSR Recommendation 58**

The implementation team should set up formal consultations with a voluntary-sector reference group to obtain advice on implementation issues related to that sector.

**PMSSR Recommendation 59**

**A well-defined process of regular consultation should take place between the provincial government and the municipal sector on social service issues.**

***AMO's Position***

AMO has welcomed the new government's proposal for enhanced provincial-municipal consultation, a process that is to include quarterly policy meetings on issues that affect more than one ministry. As noted in the *Report of the PMSSR*, a well-defined interministerial consultation process is essential to promote regular dialogue so that emerging issues are dealt with as soon as they arise. AMO has proposed initiating this process with an interministerial policy forum to present its responses to the *Report of the PMSSR* and *Strategies for Change*. This will involve the Ministers of Community and Social Services, Municipal Affairs, Health and the Treasurer. A more regular consultation process could be negotiated at that time.

### 9.7 Financial Data Base

**PMSSR Recommendation 60**

**The PMSSR financial data base for social service expenditures should be maintained and updated regularly. The provincial government and the municipal sector should monitor trends and impacts in social service expenditures as part of regular consultations.**

***AMO's Position***

As previously noted AMO has great concern with the accuracy of the data base used in the PMSSR analysis and the fact that the information is out-of-date.

AMO recommends that the MCSS should include all human services information in this data base as discussed in recommendation #51 and that the MCSS should be responsible for up-dating and maintaining the data base.

## 10 CONCLUSION

In the introduction to this response, AMO stated its commitment to a government partnership approach for working out a more rational framework of provincial-municipal roles and responsibilities for social services. Through the PMSSR process, the municipal sector sought to achieve this by disentangling provincial and municipal roles and linking decision-making authority and financial responsibility. However, the Association clearly believes that reform of the social services system must be looked at in the broader context of the overall provincial-municipal financial relationship. This means a fundamental restructuring of the provincial-municipal relationship is required and that a piece-meal approach to responsibilities is inappropriate.

Consistent with this position, the Association has recommended rejection of the zero-sum strategy imposed by the previous provincial government which required a "fiscal balance" within the social service system. Consequently, AMO has further recommended that the PMSSR position that implementation must occur as a "package" should also be rejected. The Association believes this is necessary in recognition of the increasing financial hardship many municipalities are facing as a result of rising social assistance costs. Therefore, AMO has recommended that steps be taken as soon as possible to implement AMO's priorities for reform.

AMO's review of the PMSSR framework and recommendations illustrates that much remains to be resolved. AMO has proposed further provincial-municipal consultation to address these issues. The Association looks forward to discussing its recommendations with the new provincial government in order to achieve the best means of continuing this review of provincial-municipal roles and responsibilities.

# ENDNOTES

1. This classification of changes is borrowed from John H. Taylor, "Urban Autonomy in Canada: Its Evolution and Decline", *The Canadian City: Essays in Urban and Social History*, Stelter, G.A. and Artibise, A.F.J. eds. (Ottawa: Carleton University Press, 1984), pp. 478-500; reference on classification is on page 481.

2. This is more broadly described in terms of the overall provincial-municipal relationship in C. R. Tindal, and S. Nobes Tindal, *Local Government in Canada*, Chapter 8, Intergovernmental Relations (Toronto: McGraw-Hill Ryerson Ltd., 1984).

3. Richared Splane, *Social Welfare in Ontario, 1791-1893* (Toronto: University of Toronto Press, 1965), p. 60.

4. Ibid.

5. Ontario, Provincial-Municipal Social Services Review Committee, *Provincial-Municipal Social Services Review: A Discussion Paper* (Toronto: Ministry of Community and Social Services, Association of Municipalities of Ontario, and Ontario Municipal Social Services Association, 1988), p. 9.

6. K.G. Crawford, "The Independence of Municipal Councils in Ontario", *Canadian Journal of Economics and Political Science* (Vol. VI, No. 4, November 1940), p. 546.

7. Ibid., p. 480.

8. Ontario, Provincial-Municipal Social Services Review Committee, *Report of the Provincial-Municipal Social Services Review* (Toronto: Ministry of Community and Social Services, Association of Municipalities of Ontario, Ontario Municipal Social Services Association, April 1990), p. 54.

9. Ontario, Provincial-Municipal Social Services Review Committee, *Provincial-Municipal Social Services Review: A Discussion Paper*, p. 9.

10. Taylor, "Urban Autonomy in Canada", p. 482.

11. Ibid.

12. Ontario, Provincial-Municipal Social Services Review Committee, *Provincial-Municipal Social Services Review: A Discussion Paper*, p. 10.

13. Ibid.

14. Crawford, "The Independence of Municipal Councils in Ontario", p. 547.

15. Taylor, "Urban Autonomy in Canada", p. 485.

16. Crawford, "The Independence of Municipal Councils in Ontario", p. 321-325.

17. Ibid., p. 548.

18. Ibid., p. 552.

19. Canadian Council on Social Development, "CCSD Executive Committee says tax claw-back erodes universality", *Social Development Overview* (Vol. 7. No. 2, 1990), p. 1.

20. Summarized from Pran Manga, and Wendy Muckle, *The Role of Local Government in the Provision of Health and Social Services in Canada* (Ottawa: Canadian Council on Social Development, 1987).

21. Data Source: Ministry of Municipal Affairs, *Summary of Ontario Statistics*, 1988; and, *Municipal Financial Information*, 1987, February 1990 (Toronto: Ministry of Municipal Affairs).

22. Source: Ontario, Provincial-Municipal Social Services Review Committee, *Provincial-Municipal Social Services Review: A Discussion Paper*.

23. Association of Municipalities of Ontario, *New Dimensions: Report of the AMO Conditional Grants Review* (Toronto: AMO, May 1990), p. 16.

24. Ontario, Ministry of Community and Social Services, *Minister's Newsletter* (Toronto: MCSS, June 1990).

25. Source: Ontario Municipal Social Services Association, "Caseload Statistics, September 1990" (Mississauga: OMSSA, November 1990).

26. Association of Municipalities of Ontario, *AMO Financial Survey Descriptive Report: Impact of Provincial and Federal Policies on 1989 and 1990 Municipal Budgets* (Toronto: AMO, 1990).

27. Ontario, Provincial-Municipal Social Services Review, *Report of the Provincial-Municipal Social Services Review*, p. 76.

28. Ibid., p. 92; underlining added.

29. Ontario, Ministry of Community and Social Services, Ministry of Health, *Strategies for Change: Comprehensive Reform of Ontario's Long-Term Care Services* (Toronto: The Ministries, May 1990), p. 4.

30. Association of Municipalities of Ontario, *New Dimensions*, p. 49.

31. Quoted from Social Assistance Review Committee, *Summary [of Transitions...]* in *Report of the Provincial-Municipal Social Services Review*, p. 100.

32. Ontario, Provincial-Municipal Social Services Review Committee, *Report of the Provincial-Municipal Social Services Review*, p. 57.

33. Ibid., p. 106.

34. Ontario, Provincial-Municipal Social Services Review Committee, *Provincial-Municipal Social Services Review: A Discussion Paper*, p. 51.

35. Data source: Ontario, Ministry of Treasury and Economics, *Population Projections for Regional Municipalities, Counties and Districts of Ontario to 2011* (Toronto: Office of Economic Policy, July 1989).

36. Ontario, Ministry of Community and Social Services and Ministry of Health, *Strategies for Change*, p.5.

37. Ontario, Ministry of Health, *Deciding the Future of Our Health Care* (Toronto: The Ministry, April 1989).

38. Manga and Muckle, *The Role of Local Governments in the Provision of Health and Social Services in Canada*.

39. Ibid.

40. Ontario, Ministry of Community and Social Services and Ministry of Health, *Strategies for Change*, p. 66.

41. Ontario, Ministry of Health, *Deciding the Future of our Health Care*.

42. Ontario, Ministry of Community and Social Services and Ministry of Health, *Strategies for Change*, pp. 67-68.

43. Ontario, Ministry of Community and Social Services, *1990 Corporate Plan* (Toronto: The Ministry, January 1990).

44. Ibid., p. 19.

45. The reports of the Premiers Council on Health Strategy are often referred to and discussed, however, they have never been formally released for consultation and have not yet been formally reviewed by the Association.

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# APPENDICES

## A-1 AMO POLICY DEVELOPMENT PROCESS AND MUNICIPAL INPUT

AMO has received substantial input from Ontario municipalities in the development of its response to the Government of Ontario. The following is a summary of the main aspects of this policy development process.

***PMSSR Working Group***

AMO established a working group to guide the preparation of the Association's draft policy position on the *Report of the PMSSR*. The group was composed of the following AMO committees: Social Development, Fiscal Policy, County and Regional Executive and Large Urban Executive.

***October 2 Seminar***

AMO held a one-day seminar for its members to explore the implications of two possible models of long-term care services in the context of the PMSSR community-based support services envelope. Over one hundred elected and appointed municipal representatives discussed many of the issues raised by *Strategies for Change* and possible solutions to the contradictions of this policy with the recommendations of the *Report of the PMSSR*.

***Municipal Input***

Numerous municipalities sent AMO staff reports and council positions and resolutions on the *Report of the PMSSR*. AMO would like to thank each of these municipalities for responding to AMO's request for input.

***AMO Special Committees, Section Executive Committees, and Board of Directors***

AMO's Social Development and Fiscal Policy Committees reviewed draft copies of this policy response. Each of AMO's five Section Executive Committees also reviewed and commented on drafts: Large Urban, Small Urban (OSUM), County and Regional, Rural (ROMA) and Northern Ontario (FONOM/NOMA). AMO's Board of Directors then reviewed this input and a final draft of the response.

## A-2 ACKNOWLEDGEMENTS

### *PMSSR Committee*

AMO would like to formally thank all of the members of the PMSSR Committee and those individuals and organizations which contributed to the PMSSR. In particular the Association appreciates the hard work and dedication of its municipal representatives on the PMSSR Committee:

| | |
|---|---|
| Nancy Smith, | Councillor and Chairman of Social Services Committee, Regional Municipality of Ottawa-Carleton |
| Dick Picherack, | Former Commissioner of Community Services for Metropolitan Toronto |
| Roger Taylor, | Former Mayor, Town of Elliot Lake |
| Ron Book, | Co-chair, former Mayor, Town of Grimsby, Regional Municipality of Niagara |

### *AMO PMSSR Working Group and Staff*

AMO's PMSSR Working Group and staff spent the past five months preparing this response and AMO thanks them for their contribution:

| | |
|---|---|
| Brad Clements, | Councillor, Regional Municipality of Halton |
| Bob Foulds, | Administrator-Clerk, County of Kent |
| Jack Gartley, | Commissioner of Finance, Regional Municipality of Durham |
| Louise Geres, | Director of Social Services, City of Sarnia |
| Gary Hicks, | Manager of Administration, Operations, Department of Social Services, Regional Municipality of Peel |
| Dana Howe, | Commissioner of Social Services, City of Windsor |
| Phil Johnston, | Commissioner of Social Services, Regional Municipality of Waterloo |
| Garry Norris, | Councillor, Town of Jaffray and Melick |
| STAFF: | Evelyn Ruppert, AMO Policy Analyst |

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